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U.S. Bomber or 'Paper Plane'?

By Richard Halloran
New York Times Service

WASHINGTON — The secretary of the Air Force, Verne Orr, has asserted that the Stealth plane, which Secretary of Defense Casper W. Weinberger is seriously considering as the next U.S. long-range bomber, is "a paper airplane" that is far from development.

Mr. Orr has also expressed skepticism over a proposal that the new MX nuclear missile be carried aboard planes instead of being based on land.

While Mr. Orr declined to disclose his specific recommendations to Mr. Weinberger on the bomber, he made clear his thinking on the two most important decisions confronting Mr. Weinberger, which are selecting the new bomber and choosing a base for the MX missile.

Concerning the bomber issue, Mr. Orr said that the Stealth aircraft, which would be intended to evade detection by radar and other sensors, would not be off the drawing board for two years. His assessment differed sharply from the "major technological breakthrough" depicted a year ago by Harold Brown, then the secretary of defense. Mr. Brown contended at the time that the Stealth plane would alter the military balance.

Mr. Orr asserted: "We have demonstrated to our satisfaction that the technology works." He was sharply criticized by Republicans for disclosing progress on the project.

Mr. Orr, a longtime political associate of President Reagan, expressed a far less optimistic view. "We have a paper airplane," he said. "I think we've seen a lot of wishful thinking that we can have the new just the day after tomorrow. This 'new' is very new."

Mr. Weinberger suggested Wednesday that publicizing the decision on the missile-basing would be put off until Labor Day. Other officials indicated that the same would be true for the bomber decision because the two seem to have merged into one issue.

Congress is considering Mr. Reagan's budget and tax measures, and officials said that the administration wanted to avoid distracting Congress with other provocative issues. Congress plans to go into recess at the end of this month.

Dispute on Timetable

Mr. Orr said that pressing ahead with the Stealth aircraft could be accomplished only at "tremendous cost," adding: "I don't think there's any mood to pull all the stops." He also expressed doubt that U.S. industry had the capacity for a rush program.

Where Mr. Brown had asserted that the Stealth plane might be operational as early as 1987, Mr. Orr said it might take 10 or 12 years to develop it fully. He said the only people arguing otherwise were "two manufacturers who've got something to sell." He did not identify them. He said that optimism about earlier development "is not the view of

the Air Force or anyone that I know that has any authority or responsibility."

Moreover, he said he feared that evidence of the new plane would register on improved Soviet radar. The Stealth bomber "may be invisible today, so to speak," he said, "but if it's 10 years from operation and the Soviets don't stand still, there may be signatures that conceivably would be found."

Since the technical and economic aspects of the Stealth aircraft have been kept highly secret, independent observers have little evidence to determine which parts of the argument have been based on fact and which on political considerations.

Mr. Orr said that four weeks ago the Air Force completed a long presentation to Mr. Weinberger on three options for replacing the B-52 long-range bomber. They were these:

- To build a variant of the B-1 bomber while developing the Stealth aircraft, which could evade radar detection.
- To improve the smaller FB-111 bomber while developing the Stealth plane.
- To skip both the B-1 and the FB-111 and drive hard to build the Stealth bomber. The B-1 bomber was canceled by President Carter in 1977.

Mr. Orr was critical of the proposal to base MX intercontinental ballistic missiles aboard a new fleet of large, slow aircraft that could loiter over the Atlantic or Pacific for 48 hours without refueling, or longer with (Continued on Page 2, Col. 2)

Begin Rejects U.S. Assertion That Israel Has Derailed Peace

By William Claiborne
Washington Post Service

JERUSALEM — Prime Minister Menachem Begin on Thursday rejected U.S. Defense Secretary Casper W. Weinberger's assertion that Israeli military operations in Lebanon and Iraq had derailed the Middle East peace efforts of U.S. special envoy Philip C. Habib.

Mr. Begin, in a statement issued by his office, referred to Mr. Weinberger's assertion Wednesday that on two occasions Mr. Habib was on the verge of reaching an agreement to defuse the crisis over the deployment of Syrian missiles in Lebanon, but that each time the effort was scuttled, first by the Israeli air strike on Iraq's nuclear reactor and then by the bombing of Beirut.

"The prime minister met frequently with Mr. Habib for many hours of conversation after these events, but never did he learn such news from him," the statement said.

Mr. Caspar Weinberger alleges that the prime minister does not behave with moderation. This reaction to Mr. Weinberger's astonishing remark is illustrative of the prime minister's manifest moderation," it added.

[A Pentagon spokesman said Thursday that Mr. Weinberger was referring to Israeli policy, not to Mr. Begin personally, in referring to a lack of moderation. The Associated Press reported.]

However, while apparently attempting to defuse any personal feuding between Mr. Weinberger and Mr. Begin, Pentagon spokesman Henry Catu said that the defense secretary is "not hectoring" on his statements, which also deplored violence, aggression and retaliation in the Middle East.]

At a White House news briefing Wednesday, Larry Speakes, deputy press secretary, made it clear that Mr. Weinberger was speaking for the administration. The secretary, Mr. Speakes said, "very aptly described our position with regard to both parties" in the Middle East and the need for a de-escalation of the violence and a cease-fire.

Another administration official, William P. Clark, deputy secretary of state, said Wednesday that the U.S. attitude toward Mr. Begin these days was one of "disappointment and maybe some embarrassment."

Mr. Clark said the United States (Continued on Page 2, Col. 1)



Israeli Prime Minister Menachem Begin waved as he left a special Cabinet meeting in Jerusalem.

Reagan Cites Rapport of 7 as Key at Ottawa

By Hedrick Smith
New York Times Service

WASHINGTON — President Reagan, reflecting over his three-day economic summit meeting in Canada, acknowledged that he had been uncertain about how it would work out, but that the smooth reception by Prime Minister Pierre Elliott Trudeau of Canada and a surprisingly vigorous anti-Soviet statement by President Francois Mitterrand of France quickly broke the ice.

In their first private dinner last Sunday night, the seven national leaders and the president of the European Commission met without any aides except interpreters, and Mr. Trudeau got it under way deftly.

Very quickly, Mr. Mitterrand was telling the group: "I want to make it very clear to all of you that France absolutely will honor all of its obligations to the NATO alliance."

Mr. Reagan, thinking back on his first collective encounter with other Western leaders, said at the time that he had been "a little bit" surprised, and very pleasantly, by the French president's "resoluteness with regard to the Soviet threat."



Nancy Reagan is kissed by the president before leaving for Andrews Air Force Base near Washington and then to London, where she will attend the wedding of Prince Charles next week.

was the one who came up with compromise language, the president said.

On the first evening, when the leaders sat down alone, Mr. Reagan said, it was Mrs. Thatcher who had proposed dispensing with any pre-set statements, including one that Mr. Reagan had brought along, and having a free-wheeling discussion.

At the start, he said, Mr. Trudeau had asked whether they wanted to go around the table, each making a statement, and Mrs. Thatcher objected. "Oh, I think that could get so formalized," he quoted her as saying. Before the evening was out, they had hit upon the major consideration — probing by the others of Mr. Reagan's policies.

In terms of breaking the ice, Mr. Reagan remarked, "The funny thing is, and maybe this is what made it such a successful summit, it happened that first night. I think by the time that evening was over, it was really loosened up. We were all acquainted."

Both he and his advisers have put a more positive assessment on the tone and trust of the disagreements than some of the other participants who indicated they had acquiesced in rather than approved of the Mr. Reagan policies.

Some American Jewish Leaders Dismayed at Bombing of Beirut

By Martin Scharin
Washington Post Service

WASHINGTON — Israel's recent bombing of the Palestine Liberation Organization headquarters in a heavily residential Beirut area and the large number of Lebanese civilian deaths that resulted have prompted deep concern, dismay and anger among some prominent American Jews who have long been Israel's strongest supporters.

A number of leaders in American Jewish circles still say they understand and approve of the bombing raid that Prime Minister Menachem Begin authorized following his narrow election victory last month.

But others are speaking openly of their concerns over the bombing of the residential area and their fears that it may have seriously damaged the long-valued "special relationship" between the United States and Israel. For the first time, a U.S. president has ordered

the indefinite suspension of arms deliveries to Israel.

Many prominent American Jews interviewed expressed concern that Israel, which has long told the world that Arab terrorists indiscriminately kill its civilians, including children in schools, has now caused extensive casualties among Lebanese civilians, themselves innocent victims of a war raging around them. The loss of that moral and ethical position was the most troubling aspect to a number of those interviewed.

"Very Painful Sight"

"It is very, very painful," said Rabbi Alexander M. Schindler, president of the Union of American Hebrew Congregations. "I don't know enough to know that there is a justification. I would hope that it won't cause any serious damage to the relationship between the United States and Israel." He added, "It is a very pain-

ful sight. We've seen Israeli women and children maimed and killed. We cannot be heartened by the sight of Lebanese women and children killed."

Hyman H. Bookbinder, Washington representative of the American Jewish Committee, said, "This is a difficult moment for the friends of Israel. I feel very sad that a country like Israel felt compelled to take such action."

Some of those interviewed directed their bitterness at Mr. Begin in no uncertain terms. "I blame Begin," said Meyer Berger of Pittsburgh, a leading figure in industrial real estate. Democratic politics and fund raising for Jewish and Israeli causes.

"This is the last of a long series of steps which has undermined America's support for Israel and undermined that great reservoir of good will that has been built up within the American public," Mr. Berger added. "To date this is its greatest blunder, and I supported the bombing in Iraq. But this is senseless. It is wrong on an ethical basis, and it is wrong on a political basis."

S. Harrison (Sonny) Dogole, a Philadelphia businessman long active in Jewish affairs in support of Israel and in Democratic presidential campaigns, was quoted in a newspaper article as saying, "Begin has gone too far. That's what I've been hearing from the Jewish community and Washington. There is sympathy with the need to deal with the Palestine Liberation Organization in Lebanon, but Begin doesn't know when to quit, when to respect himself."

Mr. Dogole said that after the article was published he received telephone calls from four others prominent in American Jewish affairs who said they disagreed strongly.

Major U.S. Jewish groups have been unusually silent since President Reagan's decision to suspend indefinitely the delivery of 10 F-16 fighter-bombers to Israel. But Howard M. Squadron, president of the Conference of Presidents of Major American Jewish Organizations, said he did not underestimate the effect that the bombing of Beirut could have on American public opinion or, in turn, on U.S. foreign policy.

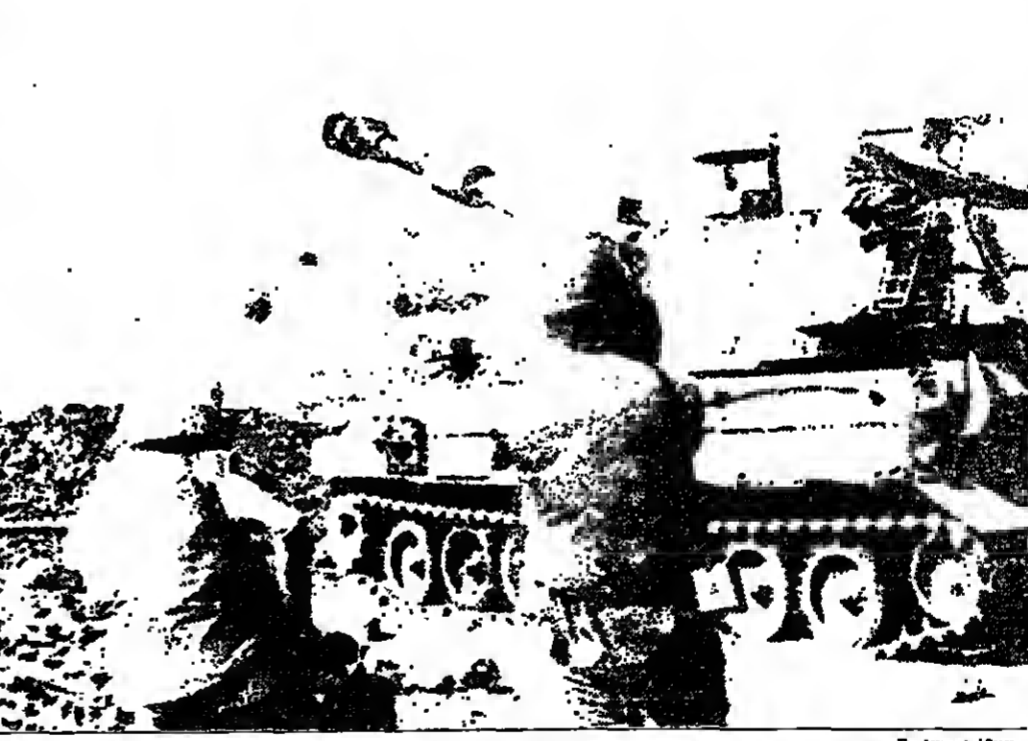
"I do not think that those pictures of a man with his dead daughter in his hands coming out of a building in Beirut can do any good," he said. "It is bound to have an adverse effect on American public opinion. And American public opinion and policy are intertwined."

Rabin Opposes Bombing

PARIS (Reuters) — Former Prime Minister Yitzhak Rabin of Israel said in an interview published Friday that it was impossible to overcome the Palestinians by military means and that he opposed the recent Beirut bombing. "No military solution exists to overcome the Palestinians," he told the magazine Paris Match. "Only political solutions exist."

Mr. Rabin, who was chief of staff during the 1967 Arab-Israeli war, said: "As an Israeli, I am neither proud nor bappy to see the Israeli Air Force involved in a raid that caused several hundred casualties in Beirut."

He added: "As long as there is not a global and genuine peace in the area, I am afraid that the war between Israel and the Palestinians will go on. A cease-fire will be reached sooner or later, but it will last only for a while. A cease-fire will inevitably be short-lived as long as Lebanon does not have a strong and stable central authority capable of forbidding the Palestine Liberation Organization."



Israeli tanks and artillery fired across the border with Lebanon Thursday to hit guerrilla camps.

EEC Plans Fight On Air Cartel

BRUSSELS — The European Commission Thursday moved to close a loophole in EEC law that has allowed European airlines to operate as a price-fixing cartel, proposing a regulation that would bring air travel in Europe under its anti-monopoly competition rules.

The regulation would give the commission the right to investigate airlines' pricing methods and impose fines of more than \$1,000 a day on companies that failed to comply with its deadline for providing information.

The commission is hoping to prove that even when airlines are state-owned the price-fixing arrangements between them constitute a cartel of companies and not an accord between national governments.

"He's a man that, I would say, is more in line with the thinking of all the rest of us," Mr. Reagan said as he flew home from Ottawa to Washington on Air Force One. They had chatted at the thought, "The statement of his country's position and what it's going to be would have sounded like me or anyone else."

Mr. Reagan said he was pleased at having had the chance to set out his economic policies to the leaders of Canada, France, West Germany, Britain, Italy, Japan and the European Economic Community, but he considered the personal relationships developed there as a major benefit of the session.

"Why, just the very fact of negotiating all the various problems and getting to personally know these other individuals, getting into a really first-hand basis," he said, "I think is worth its weight in gold."

Although he acknowledged having gone into the meeting feeling he would be on the defensive about his policies, Mr. Reagan said he emerged feeling that the other nations now understood the rationale for his policies better. He said they "wish us well." He felt it an important achievement that the major economic powers had agreed to pursue their talks about free trade.

In spite of what his aides acknowledged were very tough discussions and differences over economic policies, especially European complaints about high U.S. interest rates, Mr. Reagan said he had come away from Ottawa feel-

ing that he had a "very good" rapport with the others.

He singled out Prime Minister Margaret Thatcher of Britain as one for whom he felt "great admiration and great respect," partly because of a long acquaintance and similarity of outlook, but also because "there were many times in those meetings when it was Margaret Thatcher who spoke up and put her finger on the thing we were trying to resolve."

At the Monday night barbecue dinner, Mr. Reagan's personal aide, Michael K. Deaver, recalled that Chancellor Helmut Schmidt of West Germany had become "rather beavy," and Mrs. Thatcher softened the mood by leaning over to Mr. Reagan and joking: "Oh, that's all right. Helmut's just being provocative."

"Everybody laughed, including Helmut," Mr. Deaver said.

There were other times when the president felt moved to comment to his aides, Mr. Deaver and the presidential counselor, Edwin Messer 3d, about the "great calming influence, the constructive influence," of Mrs. Thatcher.

During the final sessions on Tuesday, when the leaders were at least over common language in several places, Mrs. Thatcher

India Stocks Up on U.S. Wheat

By Stuart Auerbach
Washington Post Service

NEW DELHI — After four years of self-sufficiency in food grains, India has been forced into the international market to buy 1.5 million tons of wheat from the United States in fill its dwindling reserve stocks.

Prime Minister Indira Gandhi said that her government is buying the wheat as an anti-inflationary measure to fight the market machinations of traders and hoarders.

"I believe in stocking up" when things are inexpensive and readily available, she explained. "We don't find it necessary," she said later, "but we find it expedient."

The purchases aroused protests in newspaper editorials and from politicians, especially since India has often boasted of its newly won ability to feed its 684 million people with home-grown grain. Moreover, India was able to get through the 1979 drought, one of the worst in the century, without a famine or having to purchase grain from abroad.

The Indian Express called the wheat purchase "more shocking results of the government's economic mismanagement."

The purchase comes amid estimates of a record Indian wheat crop of about 36 million tons. Outside observers, however, believe these reports are unduly optimistic. U.S. satellite photos, for instance, indicate a crop of about 33.7 million tons.

Moreover, there are reports that big farmers and traders are hoarding wheat and refusing to sell it in the government for reserve stocks and cut-rate fair-price shops.

The government purchase price of \$162.50 a ton is below the current market price of \$187.50 to \$200 a ton.

But Westerners who have traveled recently through India's wheat-growing regions report no signs of hoarding, and say the high market price indicates real shortages.

The dwindling government grain stocks came after a disastrous monsoon in 1979 that forced India to dip into its reserve stock.

Before the 1979 drought, India had more than 20 million tons of food grains, mostly wheat and rice, in reserve. That has been diminished, and in May there were only 3 million tons of wheat on hand in government warehouses.

"India's self-sufficiency in food grains has been its most shining achievement in the eyes of the world. The incongruity of our resorting to imports cannot escape international attention," the newspaper said.

Even politicians of Mrs. Gandhi's Congress-I Party complained that the money should have been spent on the Indian farmers instead of in the United States.

Opposition leader A.B. Vajpayee, the former foreign minister, called the decision to buy U.S. wheat "a national disgrace" and "a betrayal of the Indian farmer."

"The spineless Congress-I government is out with a begging bowl in the United States," he added in demanding a national boycott of the U.S. wheat.

Nonetheless, it is clear here that the Gandhi government got a good deal for the U.S. wheat. The purchases, at about an average price of \$172 a ton, were made at a time when wheat prices in the United States are depressed and before expected Soviet and Chinese purchases.

The total purchase price has been reported here at about \$260 million.

Washington Star to Close Aug. 7

By Fred Farris
International Herald Tribune

WASHINGTON — The 128-year-old Washington Star, the only afternoon newspaper in the nation's capital, will cease publication on Aug. 7 because of mounting financial losses, it was announced Thursday by Time Inc., the owner.

Although the Star once dominated Washington's news field, which 27 years ago had four papers, the capital now has only one metropolitan daily. The Washington Post, Circulation, advertising and financial losses have plagued the Star in recent years. In 1978, the Star was sold to Time Inc. by Texas financier Joe L. Allbritton for \$20 million.

The Time Inc. president and chief executive officer, J. Richard Munro, said in a statement Thursday that "despite our substantial investment, the newspaper continues to lose money and shows no prospect of financial improvement. Regrettably we have no choice but to close it."

The Star's board chairman, James R. Shepley, expressed the hope that announcement of the pa-

per's folding might bring forth a buyer. Richard Vignier, a fundraiser for Conservative causes, said he has received several inquiries. "I just think it's an unhealthy situation to have only one source for daily news in the most important city in the free world," Mr. Vignier said.

Washington Post publisher Donald E. Graham said in a statement: "This is a sad day for Washington and the newspaper business. The Star is a great newspaper. Time has indicated that it is looking for a buyer who could continue publishing the Star and we wish them success."

Mary McGroarty, a Star columnist and Pulitzer Prize winner, said, "Here we have the capital of the Western world with one newspaper."

The Star had won a number of awards in the past three years, including two Pulitzer Prizes, but the economics of publishing an afternoon paper in a market dominated by a strong morning rival was too much. Mr. Shepley said in his statement: "Our early goal... was to invest at least \$60 million over a five-year period. We brought in ex-

INSIDE

W. Africa Focus
The Economic Community of West African States: A special supplement on this 16-nation group appears on Pages 78-125.

Conoco Bidding
Seagram, competing in the richest merger battle in corporate history, raised its offer in the bidding for Conoco to \$92 a share for 51 percent of the company's shares. Page 13.

TOMORROW

Making Do
If you are not among the 2,500 toffs invited to the Wedding in St. Paul's Cathedral next week, don't despair; London is staging lots of public entertainments: street fairs with live bands, torchlight parades, fireworks. "Rock & Royal" concerns — even a polo match in which the Prince is defending England. In Weekend in tomorrow's Trib.

Israeli Assaults Designed to End Guerrilla Pressure, Analysts Say

By Drew Middleton
New York Times Service

NEW YORK — Israel's air, sea and ground drive against the Palestine Liberation Organization in Lebanon is not a reaction to increased guerrilla activity but a carefully orchestrated campaign that has as its objective the freeing of northern Israel from pressure by the guerrillas, according to Western analysts.

Military experts in the United States and in London and Paris, who take a dispassionate view of the operations, say that the Israelis consider the guerrillas to be at war with them and cite a publication of the Center for Strategic Studies at Tel Aviv University that says that the guerrillas are employed "to wage a war of terror and attrition against Israel on their own initiative."

The object of this war, the publication continues, is to "inflict losses and undermine morale in Israel and to keep the 'Palestinian issue'

as an unsolvable problem in the eyes of the world, thereby discrediting the Israeli-Egyptian peace process."

Buildup Causes Worry

More worrying to the Israelis was the buildup of guerrillas in southern Lebanon and the renewal of artillery and rocket attacks against Israeli settlements in the northern panhandle.

At the same time, Israeli intelligence reportedly found that new stocks of arms were reaching the guerrillas from Libya.

The Palestinians and their Syrian supporters believed that the Israelis were becoming increasingly aggressive in the north. Maj. Saad Haddad's Israeli-supported Lebanese Christian militia force in a zone just north of the Israeli frontier is regarded by the guerrillas as practically "an arm of the Israeli Army," according to a U.S. analyst.

For several sound military rea-

sons, a British source said, this was the most opportune time for the Israeli operations.

The possibility that the attacks will provoke counterstrikes by an Arab coalition is remote. Egypt, while critical, is locked into the Camp David accords, which are President Anwar Sadat's guarantee of U.S. help in rearming his forces.

Iraq is involved in an indecisive and costly war with Iran. Jordan is resolutely neutral. The oil states of the Gulf can be counted on for financial help but little else.

Syria, whose forces are the best armed and best trained of any in the Arab world, is unlikely to take on Israel, whose forces are stronger, especially in the air, and whose military leadership is superior to that of Syria.

The Syrian high command, however, bears some responsibility for the increase in Israeli operations. In the years since the 1973 Arab-Israeli war, the victors and the vanquished have developed military understandings about the deployment of weapons and forces in the areas close to Israel's frontiers.

Missile Understanding

For example, a British source said, it was understood by both sides that long-range, surface-to-air missiles would not be deployed by Syria in Lebanon. When the Syrians deployed a battery of SAM-6s, the Israelis felt that their military positions were being challenged.

The Syrians believed, according to a U.S. source, that their growing military strength gave them the right to put their missiles where they wished.

Gen. Aharon Yariv, who is head of the Center for Strategic Studies, said in a recent discussion that the Israeli high command ascribed importance to the forward stationing of Syrian guns and missiles. Such deployment, he said, gives Syria the option of bringing much of northern Israel under fire.

Some U.S. analysts doubt that northern Israel can ever be completely secure. Even if Israeli troops take and raze Beaufort Castle, an observation point for the guerrillas, and the guerrillas retire to the Beirut-Damascus highway as demanded by the Israelis, groups of guerrillas still will be able to infiltrate south.

The expectation among analysts is that most Israeli operations in the next week will be carried out by the army, most probably in further clearing operations near the Khazali Bridge near the Litani River. Air strikes will be directed in support of the ground forces and against any guerrilla transport moving by day.

Most analysts consulted believe that the Israelis, if operations continue at their present level, will be able to clear the areas north of their frontier. But they doubt, in view of the financial backing for the guerrillas, that a permanent peace can be achieved unless the Israeli high command takes the step most dangerous to a Middle East settlement and occupies the area.

Begin Denies Israel Has Undercut Peace

(Continued from Page 1)

is "doing our utmost to keep our historic commitment" to the security of Israel, and left no doubt that Mr. Reagan remains committed to that policy. But, he added, "Begin, without question, is making it difficult to assist Israel," especially on the F-16 question.

The United States has indefinitely postponed the delivery of F-16 fighters to Israel because of its actions in Iraq and Lebanon.

Mr. Clark pointed out that the broad U.S. responsibilities and commitments to Israel "are not to Begin, but to the nation he represents." Mr. Begin, he said, "is not our only friend in the region."

Meanwhile, Israeli Air Force jets bombed a Palestinian target in southern Lebanon Thursday and the military command said an artillery emplacement near the village of Hasbaya was destroyed. The command said pilots reported accurate hits on the target, and that all the planes returned to their bases.

The Israeli Cabinet met in a special session Thursday to discuss the Lebanon crisis and U.S.-Israel relations, but the meeting was held in the guise of the ministerial Committee for Defense and Security. Under Israeli law, discussions in such meetings are classified and the Cabinet made no announcement of decisions taken in the session.

The usual artillery and rocket duet on the northern border was subdued Thursday, with only a few rockets falling in the northern Galilee region and Israel responding with some tank and artillery fire. No casualties were reported.

Arabs Meet on Lebanon

TUNIS (Reuters) — Arab states are considering reinforcing the all-Syrian Arab Deterrent Force in Lebanon after last week's Israeli bombing of Beirut, informed sources said Thursday at an emergency session of the Arab League Defense Committee.

Red Cross Abandons Bid To Mediate in Ulster Fast

United Press International

BELFAST — Three International Red Cross officials said Thursday that they had failed in their weeklong attempt to mediate an end to the Maze Prison hunger strikes, and they flew back to Geneva.

In Dublin, there was speculation that new behind-the-scenes moves were taking place in an effort to save the lives of fasting inmates Kieran Doherty and Kevin Lynch, both reportedly near death.

The speculation followed the last-minute cancellation of an address on the hunger strikes to the Irish parliament by Premier Garret FitzGerald. Published reports said that Mr. FitzGerald may have been concerned the timing of his speech would upset the chances of a settlement.

Their families told Republican officials.

About 500 supporters of the eight Maze hunger strikers continued their four-day march toward Dublin. They expect to reach the city Saturday and to be met by thousands of other protesters. About 17,000 people demonstrated in support of the inmates last weekend and more than 180 people were injured in clashes between police and the protesters in front of the British Embassy.

Air Force Chief Criticizes Plans for Stealth Bomber

(Continued from Page 1)

serial replacement. Mr. Orr said that the technology had been tried only on a few pairs of commercial airliners, adding, "I just hate to be on the cutting edge of technology when lives are at stake."

Real Cost of M-1 Tank

WASHINGTON (WP) — The Army has defended its new M-1 main battle tanks but estimated that they will run up \$27 billion in "support costs" over their predicted 20-year lives, increasing the expected price tag to \$47 billion.

The estimate threw into sharp relief an often obscure aspect of the full costs of the 47 major weapons systems now being acquired, said Sen. William Proxmire, a Wisconsin Democrat. Congress should require the Pentagon to provide support-cost estimates for all the systems, he said.

Sen. Proxmire elicited the \$27-billion figure at a hearing of his Joint Economic subcommittee after the Army acknowledged some problems with the M-1, rejected earlier criticisms of it by the General Accounting Office and went on to acclaim it as "the best tank in the world today" and "an absolute winner."

Support costs — normally left unmentioned by the armed ser-

vices when they seek congressional approval of new weapons systems — represent the money needed to operate a system after it and initial spare parts have been procured, including fuel, maintenance and other facilities, repairs and personnel.

The \$27-billion support estimate for the planned total of 7,058 M-1s was termed "very, very low" by Richard F. Kaufman, the subcommittee counsel. "The rule of thumb is that support costs will be 70 percent to 90 percent of life-cycle costs," as compared with the Army's estimate of 57 percent for the M-1, he said.

GAO officials, testifying Tuesday, based their criticisms of the M-1 mainly on a tentative analysis of just-completed nine-month tests at Fort Hood, Texas, and Fort Knox, Ky., and of continuing 60-percent completed tests at Aberdeen Proving Ground Center in Maryland.

They said that the average number of miles traveled by the M-1s "before they had to stop for unscheduled maintenance" was 30 at Aberdeen (where three tanks had clocked an average of 3,661 miles each), 32 at Fort Knox (four tanks averaging 3,506 miles) and 89 at Fort Hood (six tanks averaging 284 miles).

Maj. Gen. Richard Lawrence, commanding general of the 1st Cavalry Division at Fort Hood, testified that he could not reconcile the 30- and 32-mile figures with his own experience, adding that his troops found M-1s easier to maintain than the M-60s that the new tanks would replace.



FRENCH SCATTER SPANISH FRUIT — French fruit growers stopped this truck full of Spanish peaches and plums near Remolins, between Avignon and Nimes, and dumped the produce onto the road in a protest against Spanish imports. On Thursday, French Agriculture Minister Edith Cresson said that Spain had agreed to suspend fruit shipments to France for "about three or four days" in order to protect French growers against falling prices.

El Salvador Has Troops in Area Near Honduras, U.S. Envoy Says

By Juan M. Vasquez
Los Angeles Times Service

SAN SALVADOR — U.S. Ambassador Deane R. Hinton has acknowledged that troops of the U.S.-backed Salvadoran junta were operating in or near a previously demilitarized zone along the Honduras border.

But Mr. Hinton would not comment Wednesday on published accounts that the troops had moved inside Honduras, a move that could spark a larger war in Central America.

Military spokesmen continued to deny that Salvadoran soldiers had entered Honduras but reported that a border operation had been under way since last Friday.

Mr. Hinton applauded the latest efforts of the national military

forces, and pointed to the border tactics as evidence that they are aggressively pursuing the war against left-wing insurgents.

"The army has been very active," he said in an interview. "They keep the guerrillas off balance, move into new areas. This latest operation in Los Filos — first time they've been there in years."

Continuous Pressure

Los Filos is a village in the department of Chalatenango, two miles east of the larger village of Arcaata, which has been under continuous military pressure from guerrillas.

Los Filos is believed to lie within a pocket of territory disputed by Honduras and El Salvador since their brief border war of 1969. There are six such pockets along the border extending roughly two miles into what each country considers its own territory.

The areas were established under a decade-old agreement that assigned military observers from the Organization of American States the task of monitoring their status until the territorial dispute could be resolved.

In the last two years, relations between the conservative, military-oriented governments of the two countries have become warmer and last year Honduras and El Salvador signed a peace treaty.

Mission Unclear

The status of the pockets was not cleared up, however, and the mission of the OAS remains unclear.

In any case, the move into Los Filos represents the first acknowledgment since 1969 that uniformed soldiers of either country have conducted a military operation in the area.

The military force is believed to consist of about 500 men of the Atlacatl Brigade who have received training from U.S. advisers here. The brigade is supposed to be a mobile, rapid reaction force.

"They are inside the zone where the frontier has not been clearly defined," said a spokesman at the Salvadoran military headquarters here. "But we have not made any incursions into any part of Honduras."

Other accounts said that the soldiers were ferried by helicopter into the outskirts of the Honduran mountain village of Valladolid and hiked back across the border to attack guerrillas on Salvadoran territory.

Mr. Hinton said the operation around Los Filos could not serve as a pretext for an invasion of Honduras by the revolutionary government of Nicaragua, which has been harassed by guerrillas from sanctuaries in Honduras. "I don't think it's a pretext for the Nicaraguans to do anything," he said.

Poles Threaten Protests Over Rise in Food Prices

By Brian Mooney
Reuters

WARSAW — Hunger marches were threatened in two Polish cities Thursday as authorities revealed details of proposals to quadruple food prices.

About 1,000 women in Lodz, Poland's second-largest city, plan a march next Thursday unless the food situation improves, the Solidarity trade union said.

In Katowice, north of Lodz, Solidarity said it would stage a hunger march this Saturday to protest what it called chaos in the local market.

Lodz bus and truck drivers plan to parade their vehicles outside the mayor's office next Monday, Tuesday and Wednesday, Warsaw's Solidarity information service said.

Resignation Sought

In Piotrkow Trybunalski, a Solidarity spokesman said the union was seeking the resignation of the local governor for bad economic management. Rationed food was in short supply in the province, the spokesman said, and the union would meet on Monday to decide what form of protest to mount.

Solidarity said talks were planned with local authorities on what it called the catastrophic supply situation.

The threatened protests underlined the difficulties faced by authorities already under fire for chronic shortages that have necessitated rationing of most staples. The proposed food price increases are designed to eliminate costly subsidies, soak up excess cash and take the pressure off the market.

The minister in charge of the state pricing commission, Zdzislaw Krasinski, said that unless prices were put up by the end of the year, one out of two people queuing at shops would go away empty-handed.

Examples Given

In an interview published in national daily newspapers, he gave some examples of planned increases: a kilogram (2.2 pounds) of ham going up from 100 to 450 zlotys, a loaf of bread from 7 to 21 zlotys and a kilogram of sugar from 10.50 to 40 zlotys.

The minister said the authorities were painfully aware of massive protests that accompanied three previous attempts to raise prices. He promised a public debate this time before decisions were made.

Meanwhile, more details emerged of a self-management agreement that averted a strike by employees of the Polish airline LOT, who wanted the government to accept their elected managing director.

The strike was suspended after Premier Wojciech Jaruzelski promised that a special law would be passed for LOT to operate with commercial independence, remain-

Accord With Banks

ZURICH (Reuters) — Poland on Thursday welcomed Western banks' proposals for rescheduling its 1981 debts. A joint communiqué after talks here said an early successful outcome was anticipated.

Details of the proposals have not yet been published, but a senior Polish negotiator, Zbigniew Karz, said they contained no surprises and were roughly in line with a compromise put forward by U.S. banks a week ago.

That version called for repayment of principal due since March 25 — but not interest — to be deferred to Dec. 10. The debt was then to be rescheduled over seven years on condition that Poland drew up an economic stabilization program and provided more information about its economy.

Work on the plan to delay repayments, long sought by the Poles to ease their economic difficulties, was completed Wednesday by a 21-bank task force from 12 countries after months of difficult discussions. Some of the banks would like more information about Polish economic prospects.

Western 5 Agree To Try Again in Namibia Impasse

United Press International

OTTAWA — Five Western nations charged by the United Nations with guiding South-West Africa (Namibia) to independence from South Africa have decided to meet in Paris next week in another effort toward breaking the deadlock with Pretoria.

The foreign ministers of the United States, Britain, France, West Germany and Canada agreed Tuesday to have officials work on plans next week and that the minister would meet in Europe in September, Canadian Foreign Minister Mark MacGuigan said Wednesday.

A statement said the five "agreed upon the urgent need to continue the effort to bring about the independence of Namibia in accordance with Security Council Resolution 435 in a manner that will command international approval."

The foreign ministers said that they took advantage of the Ottawa summit to convene a meeting on Namibia, and that "the ministers considered measures which would complement and strengthen the existing United Nations plan and provide the confidence necessary for all parties to proceed."

The UN plan for Namibian independence calls for a UN-monitored cease-fire in the guerrilla war and internationally supervised elections. The South Africans have balked at implementing the plan, most recently because they said the United Nations was biased in favor of the black guerrillas fighting them.

WW II Bomb Uncovered

FRANKFURT — Police cleared a housing area for U.S. servicemen Thursday after excavation workers struck an unexploded 1,000-pound bomb that the U.S. Air Force dropped here during World War II.

House Panel Votes Military Building Funds

The Associated Press

WASHINGTON — The House Appropriations Committee approved a record-high \$6.9-billion military construction spending bill Thursday, but withheld all money intended for the MX mobile missile project because of uncertainty over how the nuclear weapon will be based.

Rep. Ralph Regula of Ohio, the ranking Republican on the Subcommittee for Military Construction, noted that the bill gives new emphasis to construction for U.S. troops stationed in Europe, who he said have had to endure "horrible living and working conditions" for years. About \$1 billion is earmarked for such construction.

Another large amount, \$334.7 million, is set aside for construction in Somalia, Kenya, Oman and the Indian Ocean island of Diego Garcia for the inter-service Rapid Deployment Force, which would respond to a crisis in the Gulf region.

Agca Will Not Appeal Life Prison Sentence

Reuters

ROME — Mehmet Ali Agca, the Turk sentenced to life imprisonment for the attempted murder of Pope John Paul II, will not appeal the sentence, his lawyer said Thursday.

"I spoke with Agca for 30 minutes this morning, and he told me he does not intend to lodge an appeal," said Piero d'Ovidio, his attorney.

Mr. Agca, 23, was sentenced to life in prison Wednesday at the end of a three-day trial during which he admitted shooting the pope. A defense request to reduce the sentence to 30 years on the grounds that Mr. Agca could not be held accountable for his actions was rejected by the presiding judge.

Pope to Stay in Hospital Until 2d Operation

Reuters

ROME — Pope John Paul II, recovering in a Rome hospital after an assassination attempt in May, is unlikely to be discharged until doctors have carried out a second operation on his intestine, the hospital's medical chief said Thursday.

A medical bulletin, the 25th since the shooting May 13, said that the pope had nearly recovered from a viral illness that brought him back to the Gemelli hospital on June 20. He was originally discharged on June 3.

Doctors have said the pope must wait at least three weeks after the disappearance of the virus before he is strong enough for an operation to reconnect an injured section of intestine bypassed in surgery immediately after the shooting.

Kidnapped Auto Executive Is Freed in Milan

The Associated Press

MILAN — The Red Brigades on Thursday released Renzo Sandrucci, the Alfa Romeo auto company executive whom they kidnapped 50 days earlier.

Mr. Sandrucci, 53, was found in good physical condition at a car near a factory in Milan, according to initial police reports. An anonymous telephone caller told a local radio station where he could be found.

The Red Brigades union guerrillas had said that they planned to free both Mr. Sandrucci and Ciro Cirillo-60, a prominent Christian Democrat from the Naples area, as an act of "revolutionary magnanimity."

220 Leaders in U.K. Assail U.S. Foreign Policy

The Associated Press

LONDON — British politicians and union leaders published a full-page open letter in Friday's Times of London criticizing President Reagan for his foreign policy, which they claimed is hurting Third World countries.

The letter carries 220 signatures, including 48 members of the House of Commons, five members of the House of Lords, five British representatives to the European Parliament and a number of British trade union leaders.

The letter attacked the U.S. foreign policy where it is concerned with the containment of Communism. Those who signed the letter expressed support for the opposition struggles in South-West Africa, South Africa, the western Sahara and by Palestinians.

Italy Drops 'Honor' Plea For Murders

The Associated Press

ROME — Italy has abolished an ancient legal code that had limited the punishment for "crimes of honor."

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SEC Halts Trading In Hugel Foe's Firm After Assets Vanish

NEW YORK — The Securities and Exchange Commission has ordered a 10-day suspension in the trading of shares in the Triad Energy Corp. after a committee of Triad directors said the bulk of the company's assets had been mysteriously withdrawn from its bank account.

Reagan Asserts Casey Does Not Intend to Quit

WASHINGTON — President Reagan says that CIA Director William J. Casey, who is facing a Senate investigation into his past business dealings, has no plans to resign.

Bani-Sadr Asks Iranian Poll Boycott

LONDON — Former President Abolfazl Bani-Sadr has called on Iranians to boycott Friday's presidential elections, according to a clandestine newspaper circulated here Thursday.

Pakistan Nears Test of A-Bomb, Magazine Says

LONDON — Pakistan will have its first nuclear explosive device this summer, and President Zia-ul-Haq is negotiating with Peking for a site to test it, according to the New Scientist magazine.

India Has a Success With Satellite Relay

NEW DELHI — India has successfully operated its own communication satellite, despite the failure of a similar one in space.

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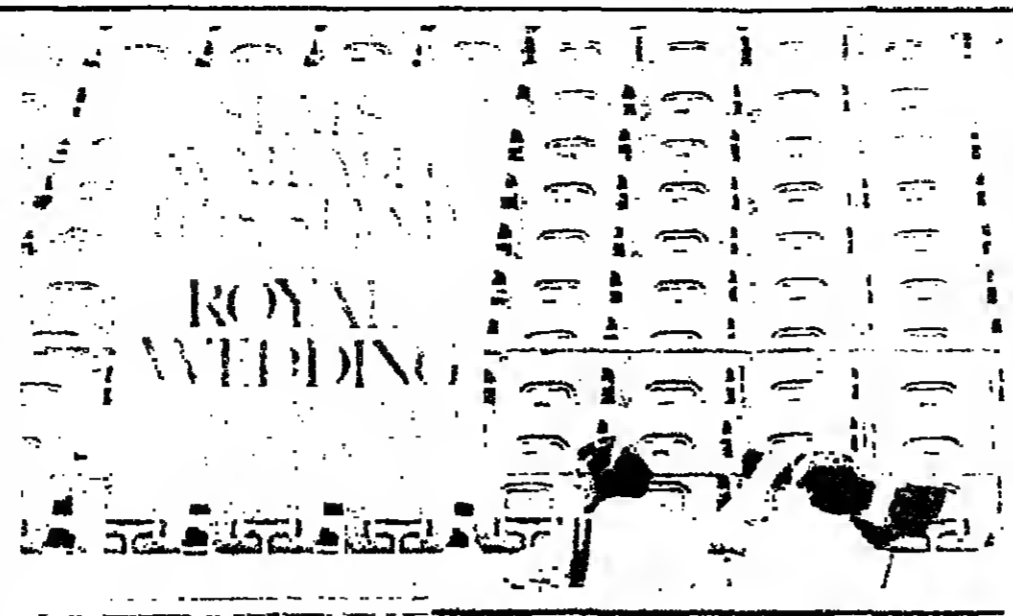
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WAITING FOR THE WEDDING WATCHERS — A television camera crew, one of dozens in London for the marriage of Prince Charles and Lady Diana Spencer next Wednesday, focuses on a sign advertising seats along the route the wedding procession will take.

DiETING 'REWARDS' Found More Effective Than Drugs

By Philip J. Hilts
Washington Post Service

WASHINGTON — Weight-reducing drugs are a far less effective way to lose weight than behavior-modification programs involving no drugs, according to a new study.

Mondale Assails Reagan Policy on Poor

By Herbert H. Denton
Washington Post Service

WASHINGTON — Former Vice President Walter Mondale has accused the Reagan administration of demonstrating an "icy indifference to human need and justice" by singling out the "poor and defenseless" to bear the brunt of its social and economic policies.

South: The facts behind Third World news.

South is the only international news magazine devoted exclusively to the Third World. Each month, South goes behind the headlines to bring you comprehensive coverage of the vital issues affecting the Third World and its two billion people.

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U.S. Wants Latin Bank Aide Out

By Judith Miller
New York Times Service

WASHINGTON — The Reagan administration has asked for the resignation of the senior U.S. official at the Inter-American Development Bank, in a move that bank officials suggest may be part of an effort to make the international bank more politically responsive to the administration's views.

R.T. McNamar, deputy secretary of the Treasury, denied that the action was politically motivated. He described the request as part of the administration's effort to see that the "bank's loans and activities are consistent with its own charter and with the objectives that we have."

According to bank and congressional officials, Mr. McNamar asked last week that Antonio Ortiz Mena of Mexico, president of the bank, obtain the resignation of Reuben S. Sternfeld, executive vice president, the second-ranking post.

Mr. Sternfeld, an economist, was recommended for the position by the Ford administration, nominated by Mr. Ortiz Mena and elected by the bank's board of executive directors in 1974. In an interview Wednesday, Mr. Sternfeld, a Democrat who describes himself as a career civil servant, said he had not decided how he would respond to the Treasury request.

"It's important in the bank that it have someone in this key post who has the confidence of the administration," Mr. Sternfeld said. "But I want to be sure that my action does not contribute to a politicization of the bank."

Reports of the requested resignation were viewed by some within the bank and among staff aides on Capitol Hill as a sign that the Reagan administration might be attempting to undermine the ostensible independence of the international development institutions.

"It would be very unusual for any government in a normal political process at this level on any of the banks," said Luis Fernando Jaramillo, the head of the bank's project analysis division. "It would be very unhealthy."

Mr. McNamar denied assertions that Mr. Sternfeld's party affiliation or his political views were responsible for the resignation request.

The Treasury official said the step had been taken after bipartisan consultation with members of Congress and of the development community, in order to "strengthen the management of the bank and the constituency in the United States that supports it."

The request for Mr. Sternfeld's resignation comes in the midst of a broad review of the multilateral development banks being conducted by the Treasury.

by its loans to Nicaragua and other leftist governments. The bank, founded 21 years ago, provides development assistance to Latin American nations. The United States holds 34.5 percent of the voting shares and thus exercises a key role in the bank's management. Latin American nations have 53 percent of the voting shares.

U.S. Says Man Is War Criminal

The Associated Press
NEWARK, N.J. — The U.S. government is seeking to revoke the citizenship of a man who allegedly participated in the murders of 2,100 unarmed civilians in his native Lithuania during World War II.

The government charged Wednesday that Juozas Kungys, 65, falsified information on his visa and citizenship applications to conceal his participation with German forces in the firing-squad murders of 2,000 Jews near the village of Kedainiai, Lithuania, and in the killing of 100 other civilians near Babenec, Lithuania. Mr. Kungys arrived in New York in 1948 and received U.S. citizenship in 1954.

Papers filed in federal court here allege that Mr. Kungys, a retired dental technician from Clifton, N.J., encouraged other villagers to participate in the slayings after he distributed weapons and transported the victims to the mass grave where they were killed.

"We're trying to see what the United States can do to increase the effectiveness of the banks," Mr. McNamar said. Congressional and banker critics of the administration, however, say that the Treasury intends to rely on its review to justify greater emphasis on security and bilateral assistance.

Several officials within the Inter-American Development Bank and other international banks expressed concern about a questionnaire the institutions received in May, asking the banks to respond in criticisms raised by conservatives. The questionnaire posed more than 20 questions, ranging from management and personnel practices to charges that the banks favored loans to state-owned entities and Socialist economic endeavors.

The Inter-American Development Bank, in particular, has been the focus of conservative critics in the U.S. Congress who are angered

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Better Deaf Than Dumb Allies

The best thing about the economic summit conference is that it still exists. Only a few months ago the French suggested that the seventh annual meeting in Ottawa be the last. But that meeting's only real decision was to start a new round of summit sessions in France next summer and to improve the year-round, lower-level consultations. They have never been more needed.

Not in a generation have the industrial democracies been so badly divided, on political and military as well as economic issues. Yet their consultations fell off after changes of leadership in Washington and three other capitals. Surely the Reagan team now appreciates the need for better contacts, particularly about U.S. economic policies, which heavily affect the allies.

But nothing else seems to have been accomplished in Ottawa. The Americans climbed the summit primed more for public relations than for negotiation. They did extraordinarily well in getting their views to the news media. But the impression the allies took away was of ideological rigidity clothed in presidential charm.

As Treasury Secretary Regan revealed, it was a dialogue of the deaf. Recalling Mr. Regan's refusal to hedge on high U.S. interest rates — which keep the Europeans on the secretary's rack — the secretary said the other leaders "recognized his strength and determination, and there was dead silence."

But the silence has not lasted long. Responding to U.S. assertions that the Reagan policies will reduce inflation and bring interest rates down, the president of the European Commission, Gaston Thorn, said: "Hurry up. We can't wait too long." Chancellor Schmidt said he would immediately have to tighten West Germany's austerity belt and cut government spending — without saying

whether he would cut the military programs the United States wants increased.

President Mitterrand said it would be "intolerable" if high interest rates and depressed currencies continued beyond the end of the year. With 24 million unemployed in the industrial countries, including 20 percent of Europe's youth, he warned of an approaching "flash point" that could catalyze social upheaval. There was general criticism also of U.S. refusal to contemplate more economic aid for the Third World — even for developing new energy sources for everyone's benefit.

The allies believe that more moderate tax cuts and some deflation in the United States would permit a measure of recovery in Europe and the Third World and thus contribute to a later U.S. upturn. Reagan's deep tax cuts, they fear, will not be adequately offset by tight money and high interest rates. And the persisting recession in both the industrial and developing countries, they warn, will only hinder U.S. foreign and military policies.

They contend that economic crisis and political instability in the developing countries will only open new opportunities for Soviet adventure. Economic weakness in Europe, they insist, will injure Western defenses and add to the social discontent that breeds neutralism.

When expressed in diplomatic cables, these fears are easily dismissed by an administration focused on domestic concerns. But they cannot fail to make an impression in face-to-face talks. Ottawa gave no guarantee of better allied coordination. But without summits and the foothill consultations that surround them, the chances would be bleaker still.

THE NEW YORK TIMES.

Gibraltar: The Lighter Side

Let us acknowledge at the outset that there is a serious side to the British-Spanish contretemps over whether or not Prince Charles and Lady Diana's honeymoon cruise should be launched from Gibraltar. Spain and Britain are involved in negotiations over the future of the Rock, which overlap with talks about Spanish entry into NATO and the Common Market. There was no good reason to complicate any of those contacts. With a bit of the right diplomatic advice to the prince and his bride, the Foreign Office could have avoided the mildly absurd situation that has arisen.

King Juan Carlos, on the other hand, had little flexibility once the decision was made to have the royal yacht sail from Gibraltar. Since Spain's right to ownership of the British colony is one of the very few things that unite all Spaniards, the king was pretty much bound to honor public opinion and cancel his plans to attend the wedding.

We also want to point out, though, that the incident is likely to blow over in time, and that one should not lose sight of its lighter side. In fact, in the interest of helping it blow over faster, perhaps one should emphasize the lighter side. For a start, there is something charmingly anachronistic about a dispute involving a Spanish king and a British prince over Gibraltar, which was ceded to Britain by Spain along with Minorca under

the Peace of Utrecht in 1713. Minorca finally returned to Spain under the Peace of Amiens in 1802, but Gib has remained fiercely British. Listen to the echoes of the War of the Spanish Succession and the Seven Years' War, of pageantry and royal weddings past.

The right tone on this kind of subject is often struck in the House of Commons. Take this exchange between Kevin McNamara, a Labor member from Kingston upon Hull, and Sir Ian Gilmour, the Lord Privy Seal. Mr. McNamara: "When the bear to the throne is in a position of contention between two countries of Western Europe, it would have been better advice for them to have boarded the royal yacht at Jersey, Sark or Alderney [Channel Islands]." Sir Ian: "I do not agree. If you are going to have a cruise in the Mediterranean, Jersey is not the best place from which to embark." The Lord Privy Seal might double as the royal geographer.

In the 18th century, there would have been two ways to settle the situation — a war, or a wedding, to smooth out the differences between the quarreling houses. Somehow we doubt that either option will be required this time around. The reasonableness and goodwill of Spaniards and Britons alike should suffice. Rule Britannia! Viva Espana! And cheers to the royal couple.

INTERNATIONAL HERALD TRIBUNE.

The Right Way on Rights?

It can come as no surprise that the Reagan administration is putting into practice its own clearly stated policy on human rights. The latest instance is the lifting of U.S. objections to certain development loans to Argentina, Chile, Uruguay and Paraguay, police states all. These objections had not actually blocked any loans. Development presumably has the potential to benefit the common people, and the whole idea of penalizing them for offenses committed by their (unchosen) leaders is troublesome. Still, the objections had signified U.S. concern for human rights, and their lifting will be widely taken as signifying just the reverse.

Is that fair? It probably is. The chief difficulty lies in the blanket nature of the decision, which crushes past local complexities and treats all four affected countries as though they were the same. They are not. In Argentina, for instance, notwithstanding Jacobo Timerman's indictment of the regime, the actual brutalizing of people has notably declined.

In Chile, on the other hand, two U.S. doctors have just reported that as recently as May, for having treated the victims of government-sponsored torture, three Chilean doctors were arrested, isolated for weeks, blindfolded and forced to listen to the screams of other prisoners. The Americans found a "significant increase" in rights violations, with a new emphasis on psychological terror, since the Chilean constitution came into effect in March.

The administration believes that "quiet di-

plomacy" is the appropriate and exclusive way to soften the conduct of friendly governments on rights. What remains to be seen, however, is not merely whether this approach will be effective but whether it will be seriously tried. Wiping four different Latin slates clean at one swipe does not build confidence in either the administration's discrimination or its intent.

The question also remains open of what tools Mr. Reagan has that would let him influence the Soviet Union's human rights conduct, for the situation there is bleak. Several dissidents have been arrested and sentenced. Among them was Victor Brailovsky, organizer and host of the Moscow Sunday seminars, where scientists and mathematicians denied emigration visas meet to work in their fields.

All this is happening just as the support tendered to Soviet scientists by their Western counterparts is starting to wobble. With Ronald Reagan in office some scientists are coming to feel that contacts broken to help human rights should be knit up in an effort to restore momentum toward arms control.

This is a bad idea. Suspending exchanges to help Soviet scientists is a sharp instrument as well suited as any to its intended purpose. Resuming exchanges to promote arms control is a blunt instrument quite unsuited for its purpose. Human rights was never meant to be a governmental preserve. Citizens have always had a critical role. This is no time for any important group of Americans to drop out.

THE WASHINGTON POST.

In the International Edition

Seventy-Five Years Ago

July 24, 1906

ST. PETERSBURG — The situation in Russia still remains critical. The Duma dissolved by the Czar is holding its sessions in secret at Viborg in Finland, where the president and other office-bearers belonging to the Labor party and the Socialists are presiding over the meetings of two-thirds of the members. A manifesto to the Russian people is being prepared, calling on them not to pay taxes or furnish conscripts for the army. Troops continue to pour into St. Petersburg, where the greater state of siege has been proclaimed. The authorities have seized the principal newspapers. The news from Russia has caused something like panic on the Berlin bourse and a heavy fall of securities in Paris.

Fifty Years Ago

July 24, 1931

PARIS — England's Davis Cup team moves back into Roland-Garros stadium this afternoon for the challenge round against a veteran French team that won the cup at Germantown in 1927 and has successfully defended it each year since. The draw made yesterday brings Bunny Austin against Henri Cochet, ace of the French squad. When this match is finished, Fred Perry, of the challenging team, will meet Jean Borotra. If the Cochet of this afternoon is the same Cochet who defeated Tilden and Lott so easily a year ago, he should prevail. Such is this little man's genius for the game that should be bringing to the court today something approaching his top form, the odds would swing in France's favor.



Crisis Disarray Spoils Reagan Triumph

By Joseph Kraft

OTTAWA — An ironic twist deprived President Reagan of a clear foreign policy triumph at the summit meeting in Ottawa. The president brilliantly defended U.S. economic policy against such heavy hitters as Chancellor Helmut Schmidt of West Germany, President Francois Mitterrand of France and Prime Minister Pierre Elliott Trudeau of Canada.

But a sudden burst of tension put the Middle East front and center at the summit. So there emerged, at a time of true danger, when it is particularly difficult to deal with Israel's Prime Minister Menachem Begin, new doubts about the president's own grasp of foreign policy and about the status of his chief advisers.

Daily appearances in Ottawa gave fresh evidence of a lack of order in relations among presidential counselor Edwin Meese, Jr., Secretary of State Alexander M. Haig, Jr., and the national security adviser, Richard V. Allen. The three men briefed journalists on all kinds of foreign policy questions in a fashion so random that there seemed to be no formal lines of authority.

Unwillingness to seem critical of Israel comprised the distinctive ome in all their comments. At a time when the Israelis were responding to Palestinian attacks from southern Lebanon by bombing the daylights out of Beirut, the president's policy advisers talked as though nothing much was amiss.

"We're very hopeful that a cease-fire will result," Mr. Allen said a few hours after Mr. Begin put off for a full day an urgent cease-fire plea from the roving ambassador Philip C. Habib.

A couple of hours after Mr. Begin postponed, Mr. Meese announced, as if it could go either way, that the president would shortly

make a decision regarding delivery of 10 F-16 fighter planes previously earmarked for Israel. Finally, when the decision to suspend delivery of the planes was announced, Mr. Haig said: "This is not a decision that is linked to any specific action on the part of the government of Israel."

But why this superhuman effort not to pass judgment on Israel? The main reason is to make it seem that Mr. Reagan is making all the decisions without any push or tilt from his advisers.

Absolute compartmentalization results from such procedures, and Ottawa provided a striking example. In handling summit discussions on the Middle East on the one hand, and the situation between Israel and Lebanon on the other hand, the United States looked almost schizophrenic.

Anodyne Statement

Mr. Haig and the other foreign ministers began talking about the Middle East when they arrived in Ottawa on Sunday. The Europeans sought a joint statement condemning the Israeli attacks on Beirut. Mr. Haig prevailed on his colleagues to issue a totally bland statement. It said the seven countries were "distressed by the scale of the destruction," and it called on all "parties to exercise restraint." The French minister for external relations, Claude Cheysson, was so disgusted by the weakness of the declaration that he revealed publicly that France had sought a statement much tougher on the Israelis.

While the anodyne statement was evolving, Mr. Reagan and his advisers were also considering action to back up Mr. Habib's negotiations for a cease-fire between Israel and Leba-

non. The decision to suspend plane deliveries was made in that context, and published a couple of hours after the joint statement was issued. There seemed to be no link between the two lines of action.

Everybody, in consequence, was dissatisfied. The joint statement disappointed the Arabs and their friends in Europe. Suspension of plane deliveries put Mr. Begin up against the wall. He replied, predictably, by saying that he would agree to a cease-fire if the United States could also negotiate an accord with Lebanon.

That is practically impossible because the regime in Beirut cannot control the Palestinians. Indeed, the Palestinians are now tempted to attack the Israelis in order to provoke an exaggerated retaliation that would discredit Mr. Begin still further.

A far better outcome would have been possible if the United States had joined the Europeans in a strong condemnation of the Israeli raids. That would have served as a warning to Mr. Begin. Fear that suspension of the plane delivery would follow might have induced him to take a more positive approach to a cease-fire. If it didn't, the United States could have then suspended the plane delivery — leaving the next move to Mr. Begin.

As it is, a genuine crisis seems to be building. Mr. Begin is angry, and the Palestinians are on the warpath. The United States has thrown away a card it should have held in reserve. For all his success in defending economic policy, Mr. Reagan on the Middle East is perceived as no Talleyrand. Indeed, it is hard to see how the administration can manage security affairs until Mr. Reagan decides to place faith in a single official who knows the full range of foreign policy issues.

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Building a Bridge for the U.S. to the PLO

By Philip Geyelin

WASHINGTON — If Secretary of State Alexander M. Haig Jr. meant to imply what he seemed to be implying on ABC's "Issues and Answers" the other day, a promising breakthrough in the Reagan administration's approach to the never-ending Middle East crisis may be at hand.

What Mr. Haig was implying is that the administration has accepted the necessity of dealing, however circuitously and covertly, with the Palestine Liberation Organization.

It will be denied. As candidate and as president, Ronald Reagan has consistently castigated the PLO as a vicious outlaw group with which he will have no truck. Henry A. Kissinger's 1975 commitment to Israel to do nothing that would confer any sort of formal recognition of the PLO (until that organization recognizes Israel's right to exist) is no less an article of faith with the Reagan crowd.

On the contrary, the Reagan administration has declared global war on international terrorism in general, and with the PLO at the top of its bill of particulars. And yet, if there is any logic in the strategy Mr. Haig laid out for "tamping down" the escalating violence in (and from) Lebanon, it has to lead inexorably to the opening up of some sort of channel between the United States and the PLO.

Why? Because when Mr. Haig speaks of the U.S. purpose as "hopefully to achieve a cease-fire," he can only mean a cease-fire between Israel and the PLO — or as he put it, "the two protagonists in this situation." Perhaps even more significant was his statement that "we must recognize the anguish associated with this terrible problem — and that this anguish hits both sides."

AXEL NACCACHE.

Letters

Deadly Playground

Lebanon has become the playground for Syrian-Israeli disputes while the people of the Lebanon suffer and no effective measures are taken to put a halt to the disaster. Why? Because when Mr. Haig speaks of the U.S. purpose as "hopefully to achieve a cease-fire," he can only mean a cease-fire between Israel and the PLO — or as he put it, "the two protagonists in this situation." Perhaps even more significant was his statement that "we must recognize the anguish associated with this terrible problem — and that this anguish hits both sides."

BEIRUT.

Editorial Bias

I would like to comment on a letter by Chris Foster (IHT, May 18), the periodic fulminations of George Will on behalf of the rich and privileged, and the general editorial bias of the Tribune in favor of its overindulged expatriate readership.

It seems to be the fashion these days to make propaganda for the right, as if those currently in power needed some moral justification for their plainly immoral policies. If we say, in effect, hardship and poverty breed "character," we can satisfy ourselves that the money withheld from some welfare mother or cripple is going to a good cause.

Cashing our tax rebate in on a diamond or solid Swiss francs, we can justify the extravagance: not only are we helping the economy

Statute of Limitations

In his article about the recent trials of war criminals in West Germany, "War Crimes: Justice or History?" (IHT, July 17), John Dornberg regrets the leniency of the sentences imposed. But he fails to mention a most pertinent factor. Under external political pressure, West Germany was forced to repeal its statute of limitations. It is no wonder that West Germans are less than enthusiastic to follow a pattern that runs against the legal tradition of their country.

European penal statutes assume that a person who has not committed

ed a crime for 30 years can hardly be considered a social danger. Whatever the victim of a crime may feel, the only justification for society imposing a penalty on one of its members is its own protection. Another no less important argument is that 30 years after the perpetration of a crime, judicial proof is practically impossible.

Mr. Dornberg is quite justified in his indignation. But his lamentations belong rather to the moral and religious areas. Man's justice is very imperfect. For the kind of justice Mr. Dornberg is claiming, no amount of human contribution could make up for the Holocaust or, for that matter, for many other monstrous crimes committed on Earth.

A. TORRENTS DELS PRATS.
Geneva.

Two Yardsticks

I have noticed different reactions from your readers on the Israeli raid on Iraq's reactor. When Iraq attacked Iran nearly nine months ago did it respect international law? Iraqi forces are still occupying part of Iran and attack every day civilian inhabitants by bombs. All big powers who claim to be the defenders of human rights and protectors of international law have kept silence under the label of "impartiality." Because, as you have mentioned in IHT, June 16, thanks to [Sheikh Ahmed] Zaki Yamani, "the world is managing quite well without the almost 5 million barrels a day of Iranian oil."

While there are two yardsticks in big powers' and UN policies, no

Winners, Losers, And Votes

By George F. Will

WASHINGTON — Atop his large body, night where it ought to be, Richard Scammon has a large head. His head is so crammed with election data and political wisdom that it is impossible to talk with him without learning interesting things. Recently I learned the following:

In the last decade, 38 congressional districts were "big gainers." Their populations increased at least 35 percent. Most (22) are held by Republicans. The 16 held by Democrats are all in the South and West. (All 38 are held by white males.)

Thirty-five districts were "big losers." Their populations declined at least 10 percent. All 35 are held by Democrats. All except two (one in Memphis and another in Louisville) are metropolitan districts in the East and Midwest. Eleven of the 16 black members of Congress are from these districts.

In the May 7 vote on President Reagan's budget cuts, representatives of the big winners voted 31 for, 7 against. Those from big losers voted 1 for, 33 against. In the June 26 vote on Mr. Reagan's budget package, big gainers voted 31 for, 7 against; big losers voted 0 for, 34 against. On an anti-busing measure, big gainers voted 32 for, 3 against; big losers voted 8 for, 25 against. On a measure to prohibit funds from being used to "promote homosexuality" (it concerned legal services), big gainers voted 31 for, 5 against; big losers voted 7 for, 26 against.

To Mr. Scammon, the significance of the numbers is more than that the country is moving south, west and conservative. It is that when the districts that are big gainers and big losers are so completely on opposite sides of the ideological divide, there is little that gerrymandering can do to dilute the political impact of demographic change.

Melting Computers

All of the big winner districts are now too big and must be pruned. All of the big losers are too small and must have bits of other districts grafted on to them, or must disappear, dispersed in bits to other districts. A computer is apt to melt from frustration if asked to accomplish such redistributing without helping the Republicans.

The pruned "excess" bits from big gainer districts are apt to raise the conservatism of contiguous districts to which the bits are added. And the additions to, or dismemberments of, big loser districts are apt to reduce the number of liberal districts.

This redistributing process poses problems for the Congressional Black Caucus. (Its interests are not, of course, necessarily the same as the interests of black people.) To be sure, some demographic changes enhance the chances of electing blacks to Congress. For example, in the last decade Detroit lost half its white population, and New York lost about one-third.

And the desire of blacks to be represented by blacks may be at odds with the interests of black people as traditionally understood. In some states (Texas, for example) many blacks (and Hispanics) want districts drawn so as to concentrate their number sufficiently to enable them to control a few seats. But the percentage of blacks over 18 is significantly less than the percentage of whites, and the percentage of blacks who register is low relative to whites, and the percentage of registered blacks who vote is low relative to whites. So it may require a district at least 60 percent black (or black and Hispanic) to ensure a black congressman. And to achieve that, you often must draw the district lines in exotic ways.

Liberal Democrats

If, instead of being drawn into one district, those black voters were allocated between, say, four districts, each of which then became, say, 25 percent black, the results probably would mean that none of the four districts would elect a black, but each of the four would be significantly more apt to elect a liberal Democrat. However, with those black voters concentrated — at their will — in a single district, those other districts are more apt to elect Republicans or conservative Democrats.

And as recent events in Congress have shown, the most important question about a district may not be whether it elects a Republican or a Democrat, but rather, if it elects a Democrat, what kind of Democrat he or she is.

The elections of 1982, the first since the 1980 census, will be the first of five that will reflect the demographic changes of the 1970s. Mr. Scammon thinks the 1982 election may be a contest between history and demography. History says the party not controlling the presidency gains in off-year elections. But demography says that the Democratic Party depends on a number of declining districts. And in a democracy, demography is destiny, sooner or later.

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ملحق من الاصل

Even in 'Tough' Tokyo District, Crime Is Low, Police Are Liked

By Henry Kamm
New York Times Service

TOKYO — Ikebukuro, in western Tokyo, is a teeming district with bars, cheap eating places, porno shops, Turkish baths that serve as cover for prostitution and two dozen "love hotels," where rooms can be rented by the hour. At night, its narrow alleys are awash with garish lights, and hawkers with strollers into sleazy places.

It should be bad duty for the policemen of its central precinct, and by Tokyo standards it is considered quite tough. In fact, it is not. It has the lowest crime rate in this city of 11.6 million people policed by a force of 44,140. They do so because drunkenness can make people quarrelsome and difficult to handle, sometimes explained Superintendent Tamotsu Ogawa, who heads the precinct patrol force.

But during a couple of nighttime hours spent at a station in the heart of the district, no crime was reported, no complaints were lodged and no arrests were made. The only suspects questioned were men pushing bicycles that, despite arousing "patrolmen's suspicions, proved to be owned and registered by the suspect."

The only harsh treatment meted out was by an angry mother coming to reclaim her two small daughters who, instead of doing their homework, went in search of their father at a game parlor but lost sight of him. Told by a solicitous policeman not to punish the girls, the mother agreed and took them into her custody with light slaps and angry words.

The only other calls at the station, manned by five officers, were people seeking directions in this city without names for most of its streets and a youth coming to repay a debt of about \$2 that he had incurred the day before, when he

had run out of fare money. He had received the loan against his signature and thumb print.

Now and again, an officer flicked onto a television screen images being recorded by one of six cameras strategically situated throughout the subprecinct. All was orderly.

On foot patrol, three officers spent most of their time in a small park. They ignored the closely crowded benches but opened a quarter-hour joshing with two groups of drunken vagrants, with whom they were on familiar, backslapping terms. Without appearing to be interrogating him, an officer managed to record the name of the only unfamiliar vagrant and got the man to open his bag to let him see the contents.

Bhutto's Widow Reported Freed

KARACHI, Pakistan — Nusrat Bhutto, the widow of executed former Prime Minister Zulfikar Ali Bhutto, has been released from jail after four and a half months "preventive detention," according to a ranking provincial official.

Mrs. Bhutto was arrested March 8 during the 13-day seizure of a Pakistani airliner. The government said the hijackers were linked to the banned Pakistan People's Party, which Mrs. Bhutto heads, but she denied any direct connection. No reason was given for her release Wednesday.

On Wednesday night, a member of Mrs. Bhutto's household said she was ill and under doctor's orders not to talk on the telephone. But a provincial official said she was "perfectly healthy" when she left the jail. Her eldest daughter, Benazir Bhutto, was also arrested March 8 and remains in custody.

As they strolled through the alleys and across the bustling intersections of main thoroughfares, the patrolmen were met with no hostile glares. The adversary relationship between the police and the public that is increasingly typical of large Western cities appears absent here. Before and during World War II the police were generally feared and disliked, but an extensive campaign in the postwar years to reverse this attitude has paid dividends.

In conversations with senior police officials, the importance of the population's confidence in the police and active cooperation with the force were singled out as the most important elements in crime prevention and in the high rate of success in apprehending criminals.

Statistics recently published by the National Police Agency continued to record a decline in violent crimes. In 1970, a total of 105,714 violent crimes were recorded throughout Japan; the 1980 total was 52,307. Murders declined from 1,853 in 1979 to 1,684 last year.

Firearms Little Used

Two murders were committed in Ikebukuro last year, one remains unsolved. Of the 4,607 penal offenses committed in the precinct last year, theft was by far the most frequent, but only 12 cases involved the use of force or arms. Eight have been solved. Seven cases of rape occurred; all were solved.

Although all policemen carry revolvers in addition to truncheons, Tokyo policemen used them only three times in the last five years, each time to fire warning shots. Four officers were killed in the line of duty in the same period.

Senior officials reported police morale to be high, an affirmation not belied by the officers in the Ikebukuro precinct. The average base pay is \$365 a month, augmented by regular bonuses.



Christine Fersen in "Medea"; inset, Morier-Genoud's "Lear."

Theater Clamorous Stage Medley Marks Avignon Festival

By Thomas Quinn Curtis
International Herald Tribune

AVIGNON, France — This ancient city, once the refuge of popes, is packed with visitors for the Avignon theater festival. Though there seems to be no dancing on the bridge on the neighboring river Rhône, as the old song relates, a holiday spirit reigns and the talk everywhere, in a medley of tongues, is theater.

This year marks the 34th anniversary of the annual festival, which was created by Jean Vilar. Vilar, who guided its fortunes until his death in 1971 — in addition to managing the Théâtre National Populaire of Paris from 1951 to 1963 — is its patron saint.

At the premiere of the 1981 season, President François Mitterrand paid tribute to Vilar's integrity and contribution. There are to be other tributes, too. Philippe Wehrle, a professor of French culture at the State University of New York — long a follower of the Avignon festival and now on its staff — who knew Vilar well, has just completed a book, "Le Théâtre Populaire selon Jean Vilar," which is to be published this fall.

Bernard Favre d'Arzier, 33, the newly appointed director of the Avignon festival, comes from the Culture Ministry, where he recently prepared an exhaustive report on audiovisual possibilities. He did not know Vilar or see his productions, but he has given deep study to his famous forerunner's career and ideas.

Under d'Arzier's auspices, new sites for performances have been found. The Novothéâtre Eldorado will play Shakespeare's "Titus Andronicus" in the Cloître du Cimetière. The Footsbarn Travelling Company from England will perform circus fantasies under a tent. The Ouborobos troupe from Florence will appear in Strindberg's "Miss Julie" in the Théâtre Municipal, and Mesguish will reveal the talents of his students in a program known as "Répertoire 5" in the Salle Benoit XII.

In addition to the variety of the program, attending directors — such as Antoine Vitez, who has been appointed manager of the Théâtre de Chaillot — give daily lectures on their work and theories and visiting theater representatives hold discussion periods.

This week sees the arrival of a theater company from the Soviet Union: the Roustaveli Theater of Georgia, which is presenting Shakespeare's "Richard III" and Brecht's "Caucasian Chalk Circle" — in Georgian — in the courtyard of the Palais des Papes.

Government Doctors Reportedly Find Hinckley Can Be Tried in Reagan Attack

By Robert Pear
New York Times Service

WASHINGTON — Several government psychiatrists have tentatively concluded that John W. Hinckley Jr. not only is competent to stand trial in the shooting of President Reagan, but also was probably sane at the time of the assassination attempt last March.

Mr. Hinckley was arrested at the scene of the shooting on March 30 and accused of attempting to kill the president, who was wounded in the chest as he emerged from a hotel. Also wounded in the assassination attempt were James S. Brady, White House press secretary; Timothy J. McCarthy, a Secret Service agent; and Thomas K. Delahanty, a District of Columbia policeman.

Mr. Hinckley is at the Federal Correctional Institution in Butner, N.C., where he has been since April 2, undergoing a court-ordered psychiatric examination. A U.S. grand jury here has been reviewing the evidence against him, and is expected to return an indictment in two or three weeks.

ceded there might be some debate about whether he could conform his conduct to the dictates of the law.

Mr. Hinckley's principal defense attorney, Vincent J. Fuller, has never publicly questioned his client's competence to stand trial. He told the court last April that he was considering raising an insanity defense. However, he has not given formal notice that he intends to raise such a defense and is not required to disclose his plans until after the indictment is returned.

Mr. Fuller insisted in court last April that psychiatrists chosen by the defense team should have full access to Mr. Hinckley at the North Carolina prison. None of the defense team's psychiatrists has been publicly identified. But three doctors confirmed that they had become involved in the case at Mr. Fuller's request.

They are Dr. Thomas Carl Goldman, a Washington forensic psychiatrist who has testified in other criminal cases; Dr. William

T. Carpenter Jr., psychiatry professor at the University of Maryland School of Medicine in Baltimore and director of the Maryland Psychiatric Research Center; and Dr. David Michael Bear, an assistant professor of psychiatry at Harvard Medical School, who works in the behavioral neurology unit of the Beth Israel Hospital in Boston.

Dr. Carpenter is an international authority on schizophrenia. Those who take the view that Mr. Hinckley was mentally ill see paranoid schizophrenia as a likely diagnosis because, according to psychiatrists, it is the illness most commonly associated with long-lasting delusions.

In Mr. Hinckley's Washington hotel room, federal investigators found a letter suggesting that he was infatuated with Jodie Foster, the movie actress.

In the letter, written just before the shooting, Mr. Hinckley said that his "attempt to get Reagan" was designed to impress Miss Foster and to win her heart.

House Ignores Request by Reagan, Votes \$157.5 Million for the Arts

WASHINGTON — The House has rebuffed President Reagan's request to halve U.S. government support for the arts, approving a \$157.5-million budget next year for the National Endowment for the Arts.

The appropriation passed Wednesday is only 10 percent less than the \$175 million proposed for fiscal 1982 by President Jimmy Carter before he left office in January. Mr. Reagan wanted to cut that figure to \$88 million.

At the same time, the House ap-

proved a \$144.6-million appropriation for the National Endowment for the Humanities, which makes aid grants to literary and scholarly pursuits including museums and libraries. Mr. Reagan proposed cutting the Carter budget of \$169 million roughly in half.

The battle over the arts budget is far from over, however. On Tuesday, a House-Senate conference committee agreed on a budget authority — or a spending ceiling — of \$119.3 million in fiscal 1982 for the arts endowment and \$113.7 million for the humanities endowment.

No Progress Reports

Neither the judge, federal prosecutors nor defense attorneys has received formal progress reports from the government psychiatrists, who are still working on their evaluation of Mr. Hinckley. But medical and legal sources familiar with the case confirmed the existence of preliminary findings to the effect that Mr. Hinckley was both fit to stand trial and sane at the time of the crime. Those are the issues that the government psychiatrists are supposed to address in their report.

Under a rule laid down by the U.S. Court of Appeals, a person is not responsible for criminal conduct if, at the time of the offense, he is a result of a mental disease or defect, he "lacks substantial capacity to appreciate the wrongfulness of his conduct or to conform his conduct to the requirements of the law."

U.S. law enforcement officials said Wednesday that Mr. Hinckley clearly knew right from wrong at the time of the shooting, but con-

3 Are Sentenced In Kosovo Riots

BELGRADE — Three ethnic Albanians were sentenced to prison terms ranging from six to eight years Thursday for anti-state activities in the first of a series of trials growing out of Albanian nationalist riots in Yugoslavia's Kosovo province.

The official news agency Tanjug said the three men last year formed a clandestine group called the People's Liberation Movement of Kosovo with the aim of destroying Yugoslavia's constitutional order and its social and political system and forcibly annexing the province to neighboring Albania.

The leader of the group, Bilal Bajrami, 31, was jailed for eight years and Jakup Redzeqi, 25, and Ismail Makici, 24, were sentenced to six years each. The trial was held at Kosovska Mitrovica, a town in Kosovo where at least 9 persons died and more than 250 were injured in the riots last spring, according to official figures.



PROFITING FROM PEST — Joan Levine of Santa Cruz, Calif., models a shirt bearing a caricature of the Mediterranean fruit fly, an insect that has threatened much of California agriculture. Many entrepreneurs have been busy trying to make money with fruit fly memorabilia.

Wine An American Specialist in Chardonnays

By Terry Robards
New York Times Service

RUTHERFORD, Calif. — The man is balding and deeply tanned from the unremitting sun that bakes the vineyards. He is of medium height and wears sandals, gray slacks and a purple shirt open at the neck. He speaks with an accent, sometimes lapsing into his native Croatian when talking to a countryman on the telephone.

He is Mijenko (Mike) Grigich (pronounced Gur-gich) of Grigich Hills Cellar in Rutherford, in the heart of the Napa Valley, and he may be the best maker of white wine in the United States. His specialty is chardonnay, the basic grape of France's white Burgundy, and he makes chardonnays that challenge the very best France has to offer.



Mike Grigich samples one of his creations.

"I'm not calling myself a winemaker any more," he said. "I'm a wine sifter. I sit with the wine and see what it needs. Maturing of the wine is very important. Every point — the best grapes, the best equipment, the best people, the best care — I'm trying to do every point the best."

He has been coming very close to the best for years. It was his chardonnay that helped thrust California wines into the world spotlight on May 24, 1976, in a blind tasting competition in Paris. At the time he was the winemaker at Château Montelena, another Napa Valley winery, and Montelena's 1973 chardonnay took first place, defeating some difficult competition from Burgundy.

Other California wines also did well, and it was a benchmark event, recorded in headlines all over the world and signaling the arrival of California viticulture. It was the first in a lengthening string of blind tastings in which California wines have shown their superiority.

Winner's Circle

Mike Grigich's wines seem to reach the winner's circle often. There have been gold medals at wine expositions and first places in private tastings. Last fall a Chicago showdown involving 212 wines made from the chardonnay grape in several countries, a Grigich wine finished first.

Grigich Hills chardonnay 1977, vinified from Sonoma grapes trucked to the Grigich Hills winery. With backing from Austin Hills, formerly of Hills Brothers Coffee, Grigich Hills Cellar was started on July 4, 1977, and Grigich, now 58, began his first crush two months later, when he made the wine that won the Chicago tasting as well as another, from Napa Valley grapes, that won a gold medal at the Orange County (Calif.) Fair.

The Grigich chardonnays are rich and complex, with flowery aromas and intense fruitiness balanced by the wood of the French oak barrels in which they are aged.

They are big, mouth-filling wines that display the creamy accents that connoisseurs search for in great chardonnays.

"I'm paying attention to the essentials of making wine, not to the promotion part of it," Grigich says when asked to explain his success. "We have tremendous experience, what some people call the 'art' of winemaking. If I have to use science, I use science, but I give first preference to the art of winemaking."

Grigich was born in what he calls Croatia-Yugoslavia, where his father owned vineyards. "I remember I was stomping grapes when I was 3 years old," he said. "I have done my apprenticeship." He studied oenology and viticulture at the University of Zagreb before moving to the United States in 1958.

Before opening his own winery he worked for several others, including Souverain, Beauvieux Vineyards, Christian Brothers and Robert Mondavi, as well as Château Montelena. He takes special pride in the Mondavi cabernet sauvignon 1969. "It was a big boost for me," he says. "It was proclaimed to be the best cabernet in California at that time."

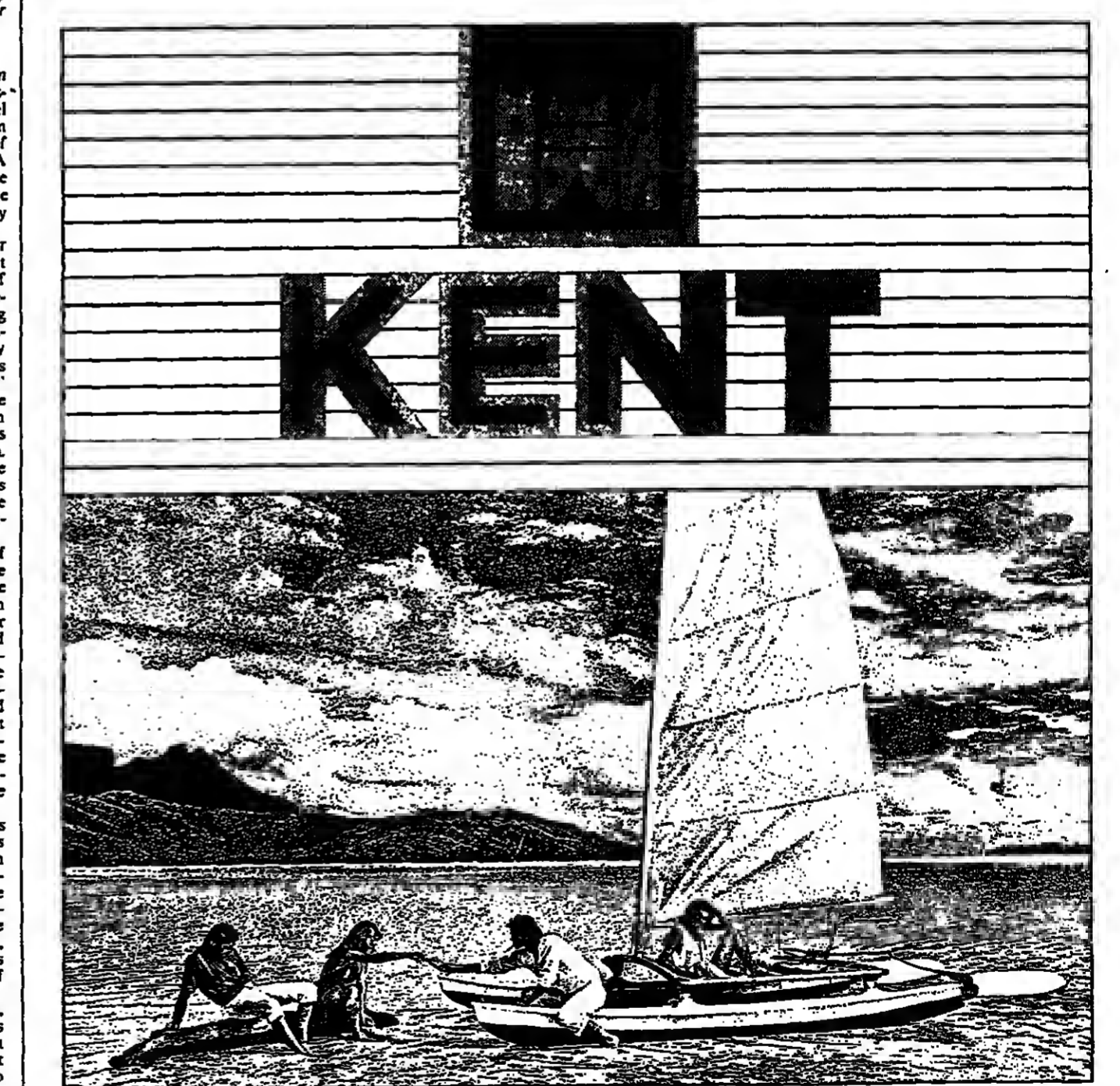
But not in quantity," said Grigich. "We believe that our wines are improving every year, and that is our goal."

Besides his celebrated chardonnays, Grigich produces Johannisberg riesling, zinfandel and fumé blanc, and last year made his first cabernet sauvignon. "I want to be known as the house of chardonnay," he says. "but not all people prefer chardonnay. I wish I could make only one wine, but I want to have more wines available."

The modern Grigich winery sits amid the vines close to the highway that runs north-south along the floor of the Napa Valley. There is a 20-acre vineyard behind the building, plus 140 more acres owned by Austin Hills in another location. "Mr. Hills has the grapes, and I have the know-how," Grigich said, with a wink.

He comes to work seven days a week and is usually the first one in, unlocking the chain across the driveway and turning on the irrigation system if the weather warrants it. "That's the bonus of ownership," he said. "You can come in on Saturday and Sunday and nobody chases you out."

His wife, Tajjana, is also from Croatia, and his daughter Violet, 16, is interested in wine. "I hope one day she will become another winemaker and will take over when I crumble down," Grigich said.



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NYSE Nationwide Trading Closing Prices July 23

Tables include the nationwide prices up to the closing on Wall Street.

12 Month High	12 Month Low	Stock Div.	Yield %	P/E Ratio	High	Low	Close	Change
120	100	ABC	4.5	15	115	110	112	+2
125	105	DEF	3.8	18	120	115	118	+3
130	110	GHI	5.2	12	125	120	123	+3
135	115	JKL	4.1	16	130	125	128	+3
140	120	MNO	3.5	20	135	130	133	+3
145	125	PQR	4.8	14	140	135	138	+3
150	130	STU	3.2	22	145	140	143	+3
155	135	VWX	5.5	11	150	145	148	+3
160	140	YZA	4.3	17	155	150	153	+3
165	145	BCD	3.7	19	160	155	158	+3
170	150	EFG	5.1	13	165	160	163	+3
175	155	HJK	4.0	16	170	165	168	+3
180	160	LMN	3.4	21	175	170	173	+3
185	165	OPQ	5.4	12	180	175	178	+3
190	170	RST	4.2	17	185	180	183	+3
195	175	UVW	3.6	19	190	185	188	+3
200	180	XYZ	5.0	14	195	190	193	+3
205	185	ABC	4.4	16	200	195	198	+3
210	190	DEF	3.9	18	205	200	203	+3
215	195	GHI	5.3	12	210	205	208	+3
220	200	JKL	4.1	16	215	210	213	+3
225	205	MNO	3.5	20	220	215	218	+3
230	210	PQR	4.8	14	225	220	223	+3
235	215	STU	3.2	22	230	225	228	+3
240	220	VWX	5.5	11	235	230	233	+3
245	225	YZA	4.3	17	240	235	238	+3
250	230	BCD	3.7	19	245	240	243	+3
255	235	EFG	5.1	13	250	245	248	+3
260	240	HJK	4.0	16	255	250	253	+3
265	245	LMN	3.4	21	260	255	258	+3
270	250	OPQ	5.4	12	265	260	263	+3
275	255	RST	4.2	17	270	265	268	+3
280	260	UVW	3.6	19	275	270	273	+3
285	265	XYZ	5.0	14	280	275	278	+3
290	270	ABC	4.4	16	285	280	283	+3
295	275	DEF	3.9	18	290	285	288	+3
300	280	GHI	5.3	12	295	290	293	+3
305	285	JKL	4.1	16	300	295	298	+3
310	290	MNO	3.5	20	305	300	303	+3
315	295	PQR	4.8	14	310	305	308	+3
320	300	STU	3.2	22	315	310	313	+3
325	305	VWX	5.5	11	320	315	318	+3
330	310	YZA	4.3	17	325	320	323	+3
335	315	BCD	3.7	19	330	325	328	+3
340	320	EFG	5.1	13	335	330	333	+3
345	325	HJK	4.0	16	340	335	338	+3
350	330	LMN	3.4	21	345	340	343	+3
355	335	OPQ	5.4	12	350	345	348	+3
360	340	RST	4.2	17	355	350	353	+3
365	345	UVW	3.6	19	360	355	358	+3
370	350	XYZ	5.0	14	365	360	363	+3
375	355	ABC	4.4	16	370	365	368	+3
380	360	DEF	3.9	18	375	370	373	+3
385	365	GHI	5.3	12	380	375	378	+3
390	370	JKL	4.1	16	385	380	383	+3
395	375	MNO	3.5	20	390	385	388	+3
400	380	PQR	4.8	14	395	390	393	+3
405	385	STU	3.2	22	400	395	398	+3
410	390	VWX	5.5	11	405	400	403	+3
415	395	YZA	4.3	17	410	405	408	+3
420	400	BCD	3.7	19	415	410	413	+3
425	405	EFG	5.1	13	420	415	418	+3
430	410	HJK	4.0	16	425	420	423	+3
435	415	LMN	3.4	21	430	425	428	+3
440	420	OPQ	5.4	12	435	430	433	+3
445	425	RST	4.2	17	440	435	438	+3
450	430	UVW	3.6	19	445	440	443	+3
455	435	XYZ	5.0	14	450	445	448	+3
460	440	ABC	4.4	16	455	450	453	+3
465	445	DEF	3.9	18	460	455	458	+3
470	450	GHI	5.3	12	465	460	463	+3
475	455	JKL	4.1	16	470	465	468	+3
480	460	MNO	3.5	20	475	470	473	+3
485	465	PQR	4.8	14	480	475	478	+3
490	470	STU	3.2	22	485	480	483	+3
495	475	VWX	5.5	11	490	485	488	+3
500	480	YZA	4.3	17	495	490	493	+3
505	485	BCD	3.7	19	500	495	498	+3
510	490	EFG	5.1	13	505	500	503	+3
515	495	HJK	4.0	16	510	505	508	+3
520	500	LMN	3.4	21	515	510	513	+3
525	505	OPQ	5.4	12	520	515	518	+3
530	510	RST	4.2	17	525	520	523	+3
535	515	UVW	3.6	19	530	525	528	+3
540	520	XYZ	5.0	14	535	530	533	+3
545	525	ABC	4.4	16	540	535	538	+3
550	530	DEF	3.9	18	545	540	543	+3
555	535	GHI	5.3	12	550	545	548	+3
560	540	JKL	4.1	16	555	550	553	+3
565	545	MNO	3.5	20	560	555	558	+3
570	550	PQR	4.8	14	565	560	563	+3
575	555	STU	3.2	22	570	565	568	+3
580	560	VWX	5.5	11	575	570	573	+3
585	565	YZA	4.3	17	580	575	578	+3
590	570	BCD	3.7	19	585	580	583	+3
595	575	EFG	5.1	13	590	585	588	+3
600	580	HJK	4.0	16	595	590	593	+3
605	585	LMN	3.4	21	600	595	598	+3
610	590	OPQ	5.4	12	605	600	603	+3
615	595	RST	4.2	17	610	605	608	+3
620	600	UVW	3.6	19	615	610	613	+3
625	605	XYZ	5.0	14	620	615	618	+3
630	610	ABC	4.4	16	625	620	623	+3
635	615	DEF	3.9	18	630	625	628	+3
640	620	GHI	5.3	12	635	630	633	+3
645	625	JKL	4.1	16	640	635	638	+3
650	630	MNO	3.5	20	645	640	643	+3
655	635	PQR	4.8	14	650	645	648	+3
660	640	STU	3.2	22	655	650	653	+3
665	645	VWX	5.5	11	660	655	658	+3
670	650	YZA	4.3	17	665	660	663	+3
675	655	BCD	3.7	19	670	665	668	+3
680	660	EFG	5.1	13	675	670	673	+3
685	665	HJK	4.0	16	680	675	678	+3
690	670	LMN	3.4	21	685	680	683	+3
695	675	OPQ	5.4	12	690	685	688	+3
700	680	RST	4.2	17	695	690	693	+3
705	685	UVW	3.6	19	700	695	698	+3
710	690	XYZ	5.0	14	705	700	703	+3
715	695	ABC	4.4	16	710	705	708	+3
720	700	DEF	3.9	18	715	710	713	+3
725	705	GHI	5.3	12	720	715	718	+3
730	710	JKL	4.1	16	725	720	723	+3
735	715	MNO	3.5	20	730	725	728	+3
740	720	PQR	4.8	14	735	730	733	+3
745	725	STU	3.2	22	740	735	738	+3
750	730	VWX	5.5	11	745	740	743	+3
755	735	YZA	4.3	17	750	745	748	+3
760	740	BCD	3.7	19	755	750	753	+3
765	745	EFG	5.1	13	760	755	758	+3
770	750	HJK	4.0	16	765	760	763	+3
775	755	LMN	3.4	21	770	765	768	+3
780	760	OPQ	5.4	12	775	770	773	+3
785	765	RST	4.2	17	780	775	778	+3
790	770	UVW	3.6	19	785	780	783	+3
795	775	XYZ	5.0	14	790	785	788	+3
800	780	ABC	4.4	16	795	790	793	+3
805	785	DEF	3.9	18	800	795	798	+3
810	790	GHI	5.3	12	805	800	803	+3
815	795	JKL	4.1	16	810	805	808	+3
820	800	MNO	3.5	20	815	810	813	+3
825	805	PQR	4.8	14	820	815	818	+3
830	810	STU	3.2	22	825	820	823	+3
835	815	VWX	5.5	11	830	825	828	+3
840	820	YZA	4.3	17	835	830	833	+3
845	825	BCD	3.7	19	840	835	838	+3
850	830	EFG	5.1	13	845	840	843	+3
855	835	HJK	4.0	16	850	845	848	+3
860	840	LMN	3.4	21	855	850	853	+3
865	845	OPQ	5.4	12	860	855	858	+3
870	850	RST	4.2	17	865	860	863	+3
875	855	UVW	3.6	19	870	865	868	+3
880	860	XYZ	5.0	14	875	870	873	+3
885	865	ABC	4.4	16	880	875	878	+3
890	870	DEF	3.9	18	885	880	883	+3
895	875	GHI	5.3	12	890	885	888	+3
900	880	JKL	4.1	16	895	890	893	+3
905	885	MNO	3.5	20	900	895	898	+3
910	890	PQR	4.8	14	905	900	903	+3
915	895	STU	3.2	22	910	905	908	+3
920	900	VWX	5.5	11	915	910	913	+3
925	905	YZA	4.3	17	920	915	918	+3
930	910	BCD	3.7	19	925	920	923	+3
935	915	EFG	5.1	13	930	925	928	+3
940	920	HJK	4.0	16	935	930	933	+3
945	925	LMN	3.4	21	940	935	938	+3
950	930	OPQ	5.4	12	945	940	9	

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ECOWAS

Economic Community of West African States

INTERNATIONAL
Herald Tribune
Published with The New York Times and The Washington Post
PARIS, JULY, 1981

A SPECIAL SUPPLEMENT

Life in West Africa is varied and busy, as these photos show. Clockwise, from bottom left: A panoramic view of Monrovia, Liberia; an oil palm factory in Abidjan, Ivory Coast; boats on the Niger River near Ayorou, Niger, on market day; apartment buildings in Dakar, Senegal; a gondola operator in Upper Volta; an oil refinery in Nigeria; doing up the dishes in southern region of Ivory Coast, and nomads going to market along the Mali frontier in Niger.



New Projects Signal a Policy Shift

By Robert Hecht
ALTHOUGH regional cooperation in the exploitation and processing of West Africa's substantial mineral wealth has until now been virtually nonexistent, the recent start-up of several projects appears to signal change in the mining policies of the ECOWAS member states.
The first important regional project, a limestone mine and factory for producing cement clinker in Togo to supply the neighboring countries of Ghana and the Ivory Coast, was opened in March, 1980. Construction of the second scheme, a chemicals complex in Senegal for the manufacture of phosphate-based fertilizers destined for the Ivory Coast, Nigeria and other West African nations, began in April and is expected to be completed in 1984.
There are other signs of growing regional cooperation in the development of natural resources, mainly through direct investment by the richer countries such as Nigeria in mining projects, in other parts of the subcontinent.
Until now, most of West Africa's mineral wealth, including iron, phosphates, bauxite, oil, diamonds and gold, had been extracted with the participation of West European and U.S. mining companies for export in unprocessed form to the West.

Little Involvement
In many cases, Africans have had little involvement in the management of these mines. In addition, few processing plants have been built in the West African country where the mineral reserves are located, which would have served to integrate mining into the local economy, providing jobs, revenues and foreign exchange savings.

One reason for the underdeveloped state of West African mining and for the lack of regional cooperation in this potentially vital economic sector is that most West African countries do not have the financial resources or the technical expertise to embark single-handedly on such large-scale and sophisticated projects.
Another reason is that most West African countries, with populations of less than 10 million, do not have large enough internal markets for processed mineral products such as steel, aluminum, fertilizer and cement to make local processing facilities economically viable.

ECOWAS may help to promote the development of such local facilities by eliminating tariff barriers on trade in raw materials and unprocessed mineral products among member states, thus providing a market of more than 150 million consumers. This would permit iron-exporting countries like Mauritania and Liberia, for example, to supply ore to Nigeria's planned steel factories. Conversely, it would allow Nigeria to sell a part of its steel output to other West African nations with expanding metallurgical and construction industries, such as the Ivory Coast and Niger.

Model for Region
The limestone quarrying and cement factory, the Societe des Ciments de l'Afrique de l'Ouest (Cimao), may turn out to be the model for regional cooperation in minerals development.

Cimao started last year to exploit limestone at Sitakondji, about 40 miles northeast of the Togo capital, Lome. Reserves are estimated at about 200 million metric tons, large enough to keep the mine in operation for at least 50 years.
The nearby processing plant, which turns the limestone into high-quality clinker by heating it to a very high temperature using an ad-

vanced "dry" method, has an initial capacity of 1.2 million tons a year, with potential for increases up to 2.4 million tons annually.
The clinker is being supplied to the cement industries of Togo, the Ivory Coast and Ghana, the three countries with the largest shares in the \$300-million project. Each has 30.7 percent of Cimao's equity, with private investors taking the rest of the share capital.
Foreign Aid
Financing for the scheme was advanced by a group of foreign aid agencies and countries, led by the World Bank with \$60 million, and including the European Economic Community's development fund (\$34.2 million), West Germany (\$25.9 million) and France (\$18.4 million).
The Ivory Coast's national shipping firm, Sitrans, has recently been awarded the contract for the transport of Cimao's clinker to Abidjan, the Ivory Coast capital, a sign that the project is having positive spillover effects into other areas of the West African economy.
Cimao is unusual not only as a case of

successful regional mining venture but also as an example of cooperation between two Francophone countries and one Anglophone nation that historically have had few economic links.
The \$300-million chemicals project under construction in Senegal, the Industries Chimiques du Senegal (ICS), is designed to convert Senegal's phosphates into fertilizer for export to other West African countries. Chemical fertilizers are becoming increasingly important in the region's agriculture as ECOWAS member countries strive to boost their production of staple grains, including rice, millet and maize.
Indian Firms
Output of 210,000 tons of solid fertilizer a year, including 45,000 tons of triple superphosphate and 165,000 tons of diammonium phosphate, planned for 1984, will be exported mainly to the Ivory Coast and Nigeria. Both countries hold 10 percent of the share capital in ICS.
In addition, about 200,000 tons of phos-

(Continued on Page 10S)

Challenge of Freer Trade Facing 16-Member Group

By Richard Syngé
A DELEGATION of the Economic Community of West African States (ECOWAS) led by Executive Secretary Aboubacar Diaby-Ouattara spent the first week of July in Jakarta to compare notes with a similar body, the Association of South East Asian Nations (ASEAN).
Such a study is appropriate for a young community that has overcome its first political hurdles and is entering a challenging era of trade liberalization and coordinated project planning.
It has only been six years since West African heads of state signed the 1975 Treaty of Lagos establishing the ECOWAS institutions, notably the Secretariat in Lagos and the Fund in Lome, Togo. Early organizational difficulties, especially rivalry between those two bodies, have been overcome, and recent differences among the 16 member governments over a defense pact and the freedom of movement protocol also seem to be surmountable.
The most significant recent achievement of the Community was the beginning last May 28 of the countdown toward a free trade area, following a summit meeting in Freetown, Sierra Leone.



Assessment
An interview with Aboubacar Diaby-Ouattara (above), executive secretary of ECOWAS, appears inside. In it, he assesses the growth of the group and sees a definite improvement in the relationships between countries in West Africa.

Early organizational difficulties have been overcome and recent differences over a defense pact and a freedom-of-movement protocol also seem to be surmountable.

Mutual Suspicion

The early mutual suspicion between Nigeria and the French-speaking Communauté Economique de l'Afrique de l'Ouest (CEAO) has largely disappeared, although there is still an economic, monetary, administrative and linguistic split. The CEAO is not likely to disband itself, and ECOWAS must accept the co-existence of such smaller regional bodies for some time to come.

The CEAO was until recently seen by Nigeria as an instrument of French foreign policy designed to sabotage the new Community. Ivory Coast officials have recently been showing enthusiasm for ECOWAS, however, perhaps as a part of their growing realism about the enormous potential for Ivory Coast industry in the Nigerian market.

Ivory Coast industry stands to gain handsomely from the ECOWAS market of an estimated 165 million inhabitants if it can overcome French reluctance to accept local equity share participation in Abidjan-based firms.
Guinea, a French-speaking country excluded from CEAO, has cast itself as an ally of Nigeria, and its leader, President Ahmed Sekou Toure, is one of ECOWAS' most ardent supporters. He recently told Senegalese journalists that such groupings around the continent would lead to the "organization of united action by the African peoples to eliminate the undesirable heritage of foreign domination."

Planning Meeting

An ECOWAS planning meeting in Conakry, Guinea, last year let the collective imagination run riot and envisaged a central bank, regional trade and development banks, an ECOWAS monetary market, a Community insurance company and companies for air travel, shipping, dredging, railways and tourism. These ambitions, while widely acceptable, have been treated with appropriate realism by the ECOWAS Secretariat's planners and are relegated to the distant future.
This year for the first time the Lagos-based Secretariat published some of its sectoral programs, including those for agriculture, industry

and energy. At this early stage of planning, they show a realistic assessment of the necessarily long time scale involved in reaching harmonized development in the region.

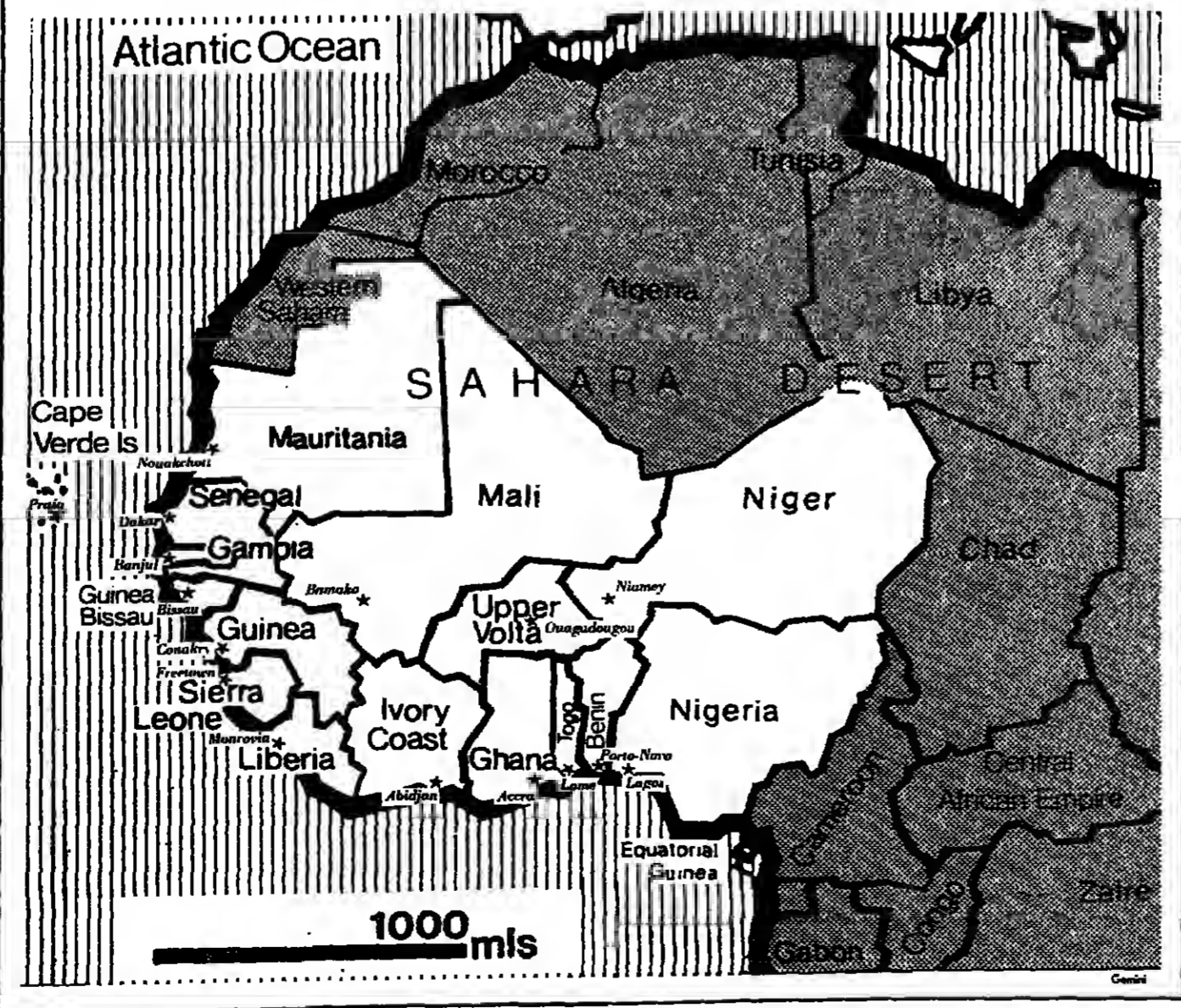
The agricultural program aims for eventual self-sufficiency in food, a provision of raw materials for industry and improved rural earnings. The five-year time span of the first phase takes in one year for a general feasibility study, one year for project preparation and three years for implementation of the "first generation" of projects.
The outline industrial program aims to identify the regional industrial sectors and to draw up master plans for development and cooperation at the Community level, with particular emphasis on food processing, agro-related industries, production of agricultural implements, construction materials, wood processing, electronics, petrochemicals, pharmaceuticals, iron and steel, and vehicles.

'Survival' Projects

For energy, the Secretariat is about to analyze the needs of the 16 countries and to draw up plans for several "survival" projects that could increase efficiency in energy use or introduce alternative energy production.
In order to undertake long-term regional planning, the ECOWAS Secretariat is trying to monitor trade, aid and investment flows. It has announced plans to establish an embryonic economic information service by next year. If it succeeds, it will be a considerable aid to the advisers and experts who will gather before the next summit meeting in Cotonou, Benin, in May, 1982.

For the outside world, ECOWAS is seen as an interesting experiment, but few aid agencies have been willing to commit themselves to multi-recipient projects until the Lome-based Fund shows itself able to manage complicated Community projects.
ECOWAS delegations have made regular visits to the United States to inform the business community of investment opportunities afforded by the Community. U.S. officials appear divided — the critics pointing out the danger of over-bureaucratization in such a community and the supporters citing the region's potential for substantial food production through injections of agribusiness investment and technology.

The capacity for ECOWAS to become a project-planning agency will not be proved until the \$35-million telecommunications project gets under way. If it is successful, many other projects will follow.



ECOWAS

Barriers Gradually Reduced

THROUGH ITS new trade liberalization program, ECOWAS may soon be providing channels for businessmen and governments to explore economic opportunities together.

The liberalization program has just got under way, with the elimination of tariff barriers on unprocessed products beginning last May 28. With regard to industrial products, ECOWAS-designated "priority goods" will be liberalized faster by the Ivory Coast, Ghana, Nigeria and Senegal.

The products that are to qualify for trade liberalization within the Community will be those from enterprises that conform with the ECOWAS-designated "desirable level of national participation in the equity capital."

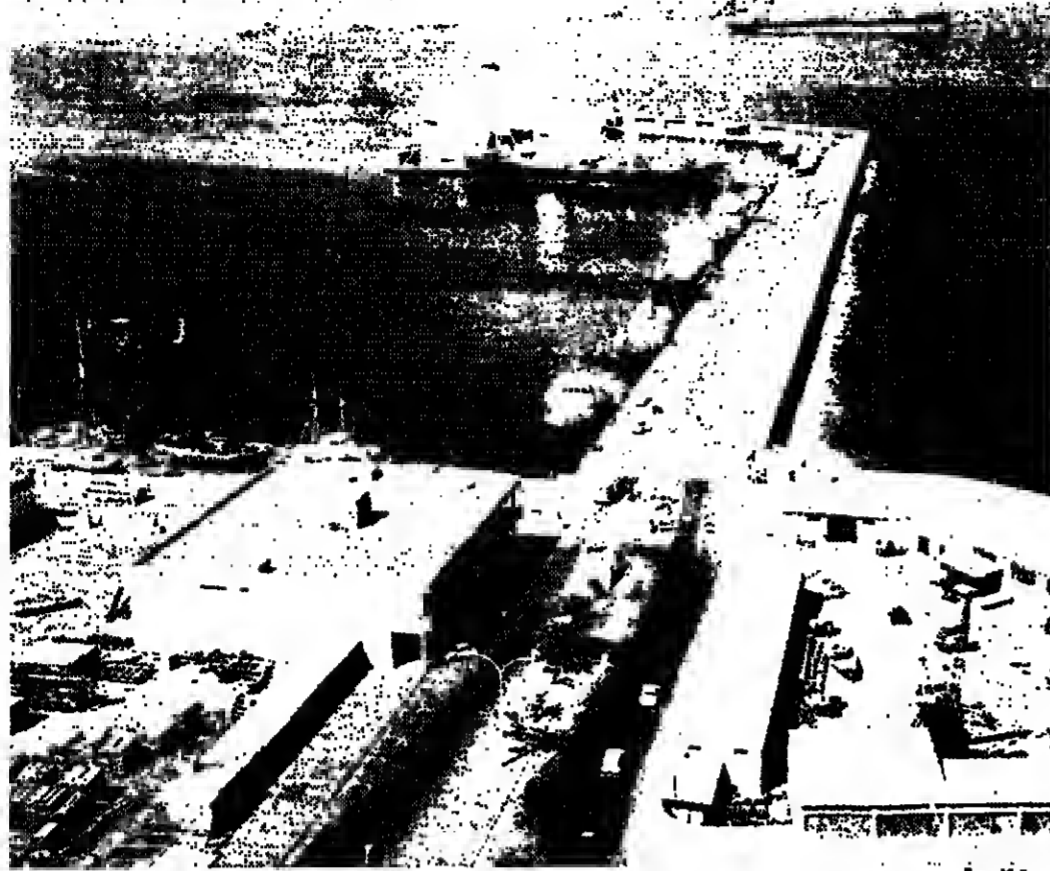
The program says that industrial enterprises producing recognized "Community originating goods" must have 20 percent of their equity capital in national hands as of last May 28. This percentage will rise to 35 percent on May 28, 1983, and to 51 percent by May 28, 1989.

It is this requirement that disturbs the French business community that has long dominated the industry of both the Ivory Coast and Senegal. The rules on the participation of nationals in the capital of industrial enterprises are described as the crucial problem by a French trade publication because they will provide considerable advantages to ECOWAS industrial exporters and stimulate sharp competition both for foreign-based and locally based industries without the requisite level of participation.

Although the Ivory Coast is said to be reluctant to implement ECOWAS provisions, in recent weeks a number of Ivory Coast officials have spoken in positive terms about the Community.

Planning and Industry Minister Maurice Seri-Gnoleba told the meeting in Abidjan in June that it was a national industrial development objective to work toward strengthening regional cooperation.

This was followed by a close public examination by Umar Diarra, the senior official in Mr. Seri-Gnoleba's industry department, of the challenge to Ivory Coast industry posed by ECOWAS. "The po-



Fifteen islands, including port of Sao Vicente (above), make up Republic of Cape Verde.

litical market is considerable," he said. "Producing for a market of 140 million inhabitants [a conservative estimate of the ECOWAS population] instead of one of 7 million will completely change the Ivory Coast's industrial perspectives. The production of a number of intermediary goods, equipment and consumer durables can only be considered in an enlarged market. In the Ivory Coast, many industrial projects are dependent on this regional dimension."

Ivory Coast industrial exports in 1979 were valued at about \$700 million, of which nearly 25 percent went to ECOWAS countries. The Ivory Coast products that sold well in ECOWAS were petroleum products, textiles, steel products, plastics, insecticides, paper and packaging, cigarettes and instant coffee.

About 75 percent of these industrial exports, however, went to the Francophone Communauté Economique de l'Afrique de l'Ouest (CEAO). Mr. Diarra said

that his country "must intensify its trade penetration in ECOWAS countries beyond the CEAO" to include Anglophone states such as Ghana and Nigeria.

Although the trade liberalization program may force the pace of local participation in industry, the member states are free to formulate investment codes according to their own priorities. In the present climate of recession, several countries have been relaxing rather than tightening their investment codes in the hope of attracting investment, particularly in mining and mineral processing projects.

In a market that has long been dominated by imports from beyond Africa, ECOWAS is seeking to achieve a modest improvement of the balance. But even the limited trade exchanges envisaged will not come easily because of the obstacles of limited market intelligence, inconvertible currencies and preferential agreements with overseas countries.

— RICHARD SYNGE

Transport Infrastructure Projects Are Taking Shape

AS WEST African empires rose and fell from the Middle Ages to colonial times, trading routes were established to handle commerce in commodities such as gold, salt, cowrie shells, fish, kola nuts, livestock and skins.

Traces of these routes remain, for example in the substantial river traffic on West Africa's great waterway, the Niger, or in the nomadic movements of the region's most widespread ethnic group, the Fulani.

Colonialism

British and French colonialism in the early 20th century saw the construction of railways, roads and airfields that primarily served the interests of the colonial powers and ensured the systematic export of West Africa's key commodities: cocoa, cotton, groundnuts, fruit, palm oil, rubber and some minerals.

As a result, the majority of West Africa's independent states now look more to Europe and North America for their trading requirements than they do to one another.

Meeting With Donors

Last month in Lome, Togo, at the headquarters of the ECOWAS Fund, the first fruits of West Africa's search for a unified transport infrastructure began to ripen. From June 8 to 11, delegates of West African states met with potential aid donors for a collective discussion on a range of West African infrastructure projects, under the auspices of the UN Economic Commission for Africa.

Projects under examination at Lome — some of which are not likely to be implemented for a long time — included 48 for road links, 60 for air transport, 12 for telecommunications, seven for postal services and four for broad-

casting. The projects require total financing in the region of \$2 billion, according to one ECOWAS Fund estimate.

Three trans-regional highways were brought to the fore at technical and financial discussions: the vital coastal route from Lagos to Nouakchott, Mauritania; the trans-Sahel highway from Dakar to Niamey, Chad (just outside the ECOWAS region); and the roads linking West Africa to the Trans-Saharan highway in Algeria.

The coastal highway is still far from completion although it has been on the drawing board for at least a decade.

Crawling Progress

From Lagos to Lome a fine highway is in place, but Ghana's once efficient road network has decayed beyond recognition following a financial collapse. Ghana's

problems have made aid agencies wary of committing themselves to rescue programs.

Accra to Abidjan is a link that has seen only crawling progress, while from Abidjan to Dakar the route is interrupted by seven frontiers and very little of the plan has been implemented.

In most cases, individual countries will have to take responsibility for their own sections of the regional highways, an ECOWAS Fund official said, while the Fund and the Secretariat will supervise coordination and linking.

The first practical test of coordinated ECOWAS infrastructure planning will be a telecommunications scheme.

On the basis of a study by the International Telecommunications Union, the national systems of several countries will be modernized

and in some cases coordinated. At present, a high proportion of intra-African telephone and telex linking is via Europe, a situation paralleled in air transport. Busy officials and businessmen are used to having to reach other African destinations via Rome, Paris or London.

Other Projects

Other transport projects considered by ECOWAS leaders include the harmonization of road transport legislation; rail links between Upper Volta, Niger and Togo, Upper Volta and Mali, Guinea and Mali; and Nigeria and Ghana; an ECOWAS shipping company; harbor facilities in the region and the creation of free zones at seaports for use by landlocked countries; the monitoring of river transport projects and an ECOWAS airline.

— RICHARD SYNGE



Ships from nations around the world stop at the active Port of Abidjan, Ivory Coast.

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BENIN



Président de la République Populaire du Bénin. Mathieu Kérékou

Benin has been in the course of an extraordinarily interesting political and social experiment since October 26, 1972. On that day, young officers of the Benin Army, under the leadership of Major Mathieu Kérékou, took over the government, after an experiment in "three heads" government known as the "Presidential Council" regime, had finally proved its ineffectiveness. Because the recent history of this young state has been marked by a number of coups d'état by the Army, political observers did not immediately register the changes that were to happen in the country. They were more concerned with estimating the survival chances for the new regime in a state that had become noted for instability.

But things moved fast. On November 30, the whole world learned that Benin had chosen the way of socialism, guided by marxism-leninism. On December 2, 1973, the state reinforced its structures by nationalizing certain important sectors of its economy: banking, automobile credit, insurance, oil-products distribution, etc.

November 30, 1975 saw the creation of the Party of the People's Revolution of Benin (PPRB), a "revolutionary party of a new type, because as the avant-garde party of the People's Revolution of Benin it is the supreme political organization of the Benin people." At a time when a promising future was opening up for this people, through a political experiment to which it had wholeheartedly subscribed, international imperialism attempted on January 16, 1977 to reverse the course of history by an attack on Conakry. Its mercenaries only succeeded in galvanizing the energy of a people that was fully convinced of the rightness of the course on which it had embarked.

On May 22, the Central Committee of the Party of the People's Revolution published the text of a draft fundamental law defining the country's institutions. It set up a Revolutionary National Assembly, which was to elect the President of the Republic and Chief of State, and the National Executive Council, the "supreme administrative and executive organ of the People's Republic," whereas at local level provision was made for revolutionary councils for provinces, districts, communes, villages and urban sectors. The draft law was approved by the National Council of the Revolution and became applicable in full immediately. And so Dahomey, once considered as the "sick child of Africa," has become the People's Republic of Benin, and is turning into a society that is pleasant to live in.

THE FUNDAMENTAL LAW

On August 26, 1977, the great Revolutionary Movement for the national liberation of the people of Benin entered a new phase of its development.

On that day the National Council of the Revolution in extraordinary

session adopted the final text of the fundamental law setting up the People's Republic of Benin. And so the people of Benin had set up two important instruments of patriotic and class struggle, with which to move on to the stage of democratic revolution.

The national commission for the fundamental law had been solemnly inaugurated, following the decision of the National Council of the Revolution, on September 3, 1976 by our great comrade the President Kérékou. This commission was composed of some twenty members; it soon set to work under the direction of the Central Committee of the Party of the People's Revolution of Benin. In view of the great importance and wide scope of the assignment given to the commission members, the President of the Central Committee gave them precise directives taking into account the changes that had occurred in the life of our country since October 26, 1972.

These instructions clearly indicated the basic reference elements and in particular brought to the attention of the commissioners that:

- 1) A new constitution has an essential class element;
- 2) The draft fundamental law, whose essential political base was to be the Revolutionary Movement of October 26, 1972, should make a fundamental break with the colonial and neo-colonial tradition in legal matters, and should permit:
 - In the political field, perpetuation of the strength and unity of the Benin revolution in its present stage. It must consequently give an account of the historical experiment at present being conducted by the people of Benin at the stage of a revolutionary movement of national liberation, establish the objectives to be attained to consolidate the achievements of this stage, and clearly lay down the tasks to be accomplished to bring our revolution forward to the stage of a people's democratic revolution. These tasks are essentially as follows:
 - To reinforce the leading role of the Party in all matters and fields;
 - To eliminate feudal structures in the countryside;
 - To carry through the agrarian reform;
 - To eradicate completely the economic basis of imperialism;
 - To bring about effective democratization of power, and in particular by reinforcing the local power bases, organizing peasants' committees, and creating the organization of the party masses;
 - To create a wide national union of all the patriotic and revolutionary classes and sections of the country, based on an alliance between workers and peasants.

- 3) Today, our new type of party, the Party of the People's Revolution of Benin, organizes the strength and unity of the revolution; it is a guarantee of continuity for the work of the revolution and of the interests of the people. For this reason, to comply with the above requirements, the draft fundamental law must clearly and unequivocally lay down the leading role of the Party of the People's Revolution of Benin in the State and in all activities of Benin society.

- 4) Both in content and form, the draft law must answer the needs of the Benin revolution in its present stage. It must consequently give an account of the historical experiment at present being conducted by the people of Benin at the stage of a revolutionary movement of national liberation, establish the objectives to be attained to consolidate the achievements of this stage, and clearly lay down the tasks to be accomplished to bring our revolution forward to the stage of a people's democratic revolution. These tasks are essentially as follows:
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Taking these previous directives from the Central Committee as their basis, the commission set to work. The results of its discussions were solemnly presented to the President of the Central Committee on December 14, 1976 in the form of a first draft of the text of the fundamental law for the People's Republic of Benin.

In accordance with the principles established for the organization, management and work methods of our avant-garde party, the Party of the People's Republic of Benin, the Central Committee processed the first draft by applying democratic centralism and the mass line

Thus, it was submitted to a full cycle of popularization, discussions and amendments right down from the central committee to the masses of the people through all the existing forms of mass organization in our country.

The main phases of this cycle of wide democratic consultation were as follows:

- 1) Discussion and amendment of the first draft of the text of the fundamental law by the central committee during its 4th ordinary session in January 1977.

The new text adopted after this session became the draft fundamental law, which was submitted for examination and amendment by the masses of the people and all the social classes of our country.

- 2) Presentation and study of the draft fundamental law in joint session of the central committee of the Party, the National Revolutionary Council and the Revolutionary Military Government in March 1977.

During this session, the members of the country's governing bodies were informed of the draft text for the fundamental law, so that they could appreciate its full political and historical significance and should thoroughly understand the implications of the various provisions of this text.

This important session enabled all the members of these governing bodies to channel the vast mass movement that was subsequently organized to popularize, discuss and amend the draft fundamental law.

- 3) A campaign to popularize, discuss and amend the fundamental law and state plan. During this phase, the operations were directed by Party members in each of the different district councils. All this work took place under the firm management of the central committee which, in its 5th session (May 3 to 7, 1977), laid down the program for the national campaign to popularize the state plan and the draft fundamental law, and prepared the working documents necessary for organizing this campaign.

It was officially opened on May 22, 1977 by our great comrade President Mathieu Kérékou. It was due to close on August 1, 1977 following the sixth session of the central committee.

This sixth session was devoted to analyzing the proposals and suggestions of the masses of the people, which were basically grouped together in 115 amendments, which take full account of the prescriptions of the working people, of the realities of our country and the needs of our revolution.

After examination of these amendments and the final drafting of the text of the fundamental law, the central committee was to submit it to the first national conference of the Party of the Revolution of Benin, held between August 8 and 16, 1977, and also to a special joint session of the central committee of the national council of the revolution and of the revolutionary military government.

As soon as it had been adopted by these higher bodies of the Party and State, the final text of the fundamental law was sent back to the masses of the people in our villages and countryside for close study. This final phase of the long process was devoted to analyzing and explaining the various amendments. Emphasis was placed on the special features of our fundamental law, which makes a clean break with all the colonial and neo-colonial constitutions that had been imposed on our people by imperialism and its faithful allies with the usual aim of prolonging indefinitely the oppression and exploitation of the masses of the people.

All in all, the fundamental law summarizes the revolutionary experience of our working people at the present stage of our great revolutionary movement of national liberation, and gives the objectives to be attained in order to consolidate the victories that have been won, together with the important tasks to be performed to reach the stage of a democratic and popular revolution.

Two other major projects should be mentioned: the Onigbolo cement plant to be developed with assistance from Nigeria, at a total cost of 12.15 million CFA Francs; and the oil refinery which will require an investment of the order of 25 billion CFA Francs.

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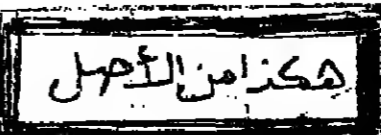
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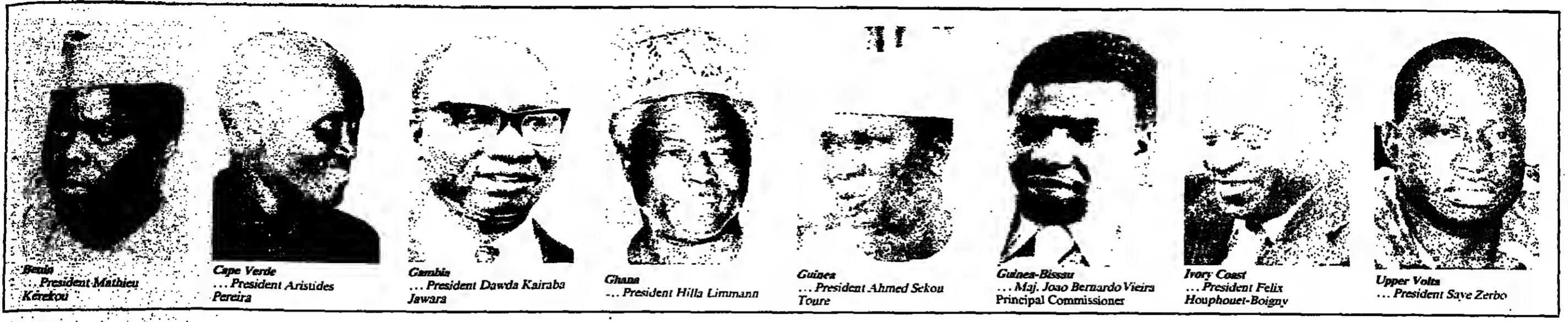
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جريدة الحلال

ECOWAS



After Shaky Start, Cooperation and Development Fund Begins to Work

By Gillian Gunn

AFTER A SHAKY start, the Lomé-based ECOWAS Fund for Cooperation, Compensation and Development has begun to fulfill its role as the regional Community's financial catalyst. The uncertainties over the Fund's authority that hampered its first years have been resolved under its new managing director, Robert Tubman of Liberia, and the organization is getting its teeth into its first major project, a \$35-million telecommunications scheme.

Established in 1975 with an initial capital goal of \$50 million and authorized capital of \$500 million, the Fund now has \$48 million in contributions from member states. This is to be used to finance ECOWAS projects, both through equity participation and through loans and loan guarantees. The Fund's budget for 1981 sets income at \$3 million and expenditures at \$2.7 million.

In the future, the Fund will also administer the Community's compensation program to reimburse member states for losses in revenue arising from the lifting of trade barriers. The compensation budget will be contributed by member states in relation to their share of intra-Community export trade, and will be administered separately from the initial \$50 million earmarked for project financing. No compensation payments are expected until 1990, however,

when trade liberalization has been completed.

Although in the long run the Fund's ability to share out compensation in an equitable manner may determine the viability of ECOWAS as a regional market, in the near term the project-financing side is attracting most of the attention.

Feasibility Studies

Feasibility studies for the Fund's priority, the telecommunications program, have recently been completed by the Swiss-based International Telecommunications Union. Finance is being raised and tender documents are due out soon.

The four-year telecommunications project involves eight international links, eight national projects and 10 external plant and transit centers affecting 13 of the 16 ECOWAS states. Most links will be by microwave lines, with relay stations every 40 kilometers from which trunk lines can be extended, thereby enhancing the region's rural infrastructure. A satellite station is planned for Cape Verde.

At present, a telephone call from Lagos to Lomé, Togo, just 150 miles away, must be switched via London and Paris, a total of 6,400 miles. Similar difficulties exist elsewhere in West Africa, and some countries have no national telephone service.

First, some of the telecommunications links are not economically viable but have been included for political reasons. For example, several telex-telephone-telegraph lines have had television transmission facilities tacked on, pushing them into the red.

For this reason, some banks have asked to have the project broken up so that they are involved only with the profitable lines. ECOWAS has refused, insisting that the package be financed as a whole.

Second, disputes have broken out between ECOWAS and competing regional organizations, such as the Francophone Communauté Economique de l'Afrique de l'Ouest (CEAO) and various river basin organizations, over funds from the European Economic Community for the telecommunications scheme. These other organizations fear that the EEC is about to commit the bulk of its regional development money for West Africa to ECOWAS, leaving little for their own projects.

Third, financial backers are concerned by the lack of procurement and supervision regulations for the project. The ECOWAS Fund agreed at the Freetown meeting to draw up both a supervisory body of consultants and a technical committee responsible for issuing procurement regulations and tender documents.

Credit Arrangements

Finally, the project has been stalled by snags in export credit arrangements. The British, French, West German, Swedish and Belgian export credit agencies have been contacted, but negotiations are taking longer than anticipated because many agencies have no experience in judging the creditworthiness of a regional organization.

After telecommunications, the Fund's priority is the improvement of the region's road, rail and transport infrastructure. In mid-June, bankers and foreign experts met in Lomé for initial discussions on financing for 48 road projects, 60 air transport projects and 12 additional telecommunications links, costing a total of \$2 billion.

These projects will undoubtedly run into the same problems as the telecommunications project: competition with other regional groupings, organizational confusion inherent in a 16-member community and finance difficulties caused by projects that are socially or politically useful but uneconomic.

The Fund's future activities, directed from Lomé, may also be hampered by its long-standing rivalry with the Lagos-based Executive Secretariat. Conflicts between the Ivorian Executive Secretary of ECOWAS, Aboubacar Diaby-Ouatara, and the Liberian former managing director of the Fund, Romeo Horton, resulted in the latter's dismissal in 1978. Mr. Horton's successor, Mr. Tubman, has had smoother relations with Lagos, but recent rumblings regarding the future management of the compensation program may foreshadow renewed Lomé-Lagos tension.

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Joint Solutions Are Sought To Agricultural Problems

SPECIAL TO THE IHT

THE ALARMING increase in food imports by most ECOWAS countries during the last decade has forced a number of governments to review their investment priorities and put more money into agriculture. Although statistics, particularly on the traditional food crop sector, are unreliable, World Bank estimates suggest that, while the population has grown by more than 2 percent a year throughout the area, food crop production has stagnated and in some cases decreased.

There are notable exceptions to the general pattern of decline, such as the Ivory Coast. But most ECOWAS states have seen their food bills rising as a combination of problems have undermined the agricultural sector. With that in mind, the ECOWAS Secretariat is drawing up a common agricultural policy that aims to pool knowledge about the problems in the rural areas and come up with a joint solution.

The policy document is still at an embryonic stage but its main thrust is likely to be in encouraging countries to share information. Joint research institutes could be set up to look at ways of combating insects and diseases as well as developing new strains of seeds resistant to the tropical conditions of the coast or the dry savannas of the interior.

Such a project is particularly close to the heart of the biggest ECOWAS member, Nigeria, which has become a textbook case of decline in the agricultural sector. Nigeria was once a substantial exporter of rubber, cocoa, palm oil and groundnuts. But since the oil boom the agricultural output of the country has dropped, and it now exports only small quantities of rubber and cocoa.

Food Crops

As for its food crops, despite some government investment in the sector, production has been rising at an average of 1 percent a year for the last five years while the population has increased at an estimated 2.4 percent and the purchasing power of citizens has gone up considerably.

At the national level, Nigeria is tackling the problems through its Green Revolution program, which is intended to raise the annual increase in agricultural production to 4 percent. But the government recognizes that many of its problems are shared by other countries and it is anxious to study new ways of combating them.

The most common problem affecting agriculture is the drift of young people into the urban centers. Throughout the ECOWAS region, the average age of farmers is increasing as the cities soak up millions of new arrivals every year. Planners believe that the only hope they have of slowing the trend is to make conditions more attractive in the villages by promoting rural electrification and pipe-borne water programs.

All the countries of the region are also in difficulty over the complex land tenure systems inherited from the past. The bulk of farming output is by farmers working small plots and there has been considerable resistance to attempts to rationalize the land tenure system. Nonetheless, there have been successful farms set up in Ghana and Nigeria on previously unfarmed land.

Inefficient Techniques

Farming techniques are largely inefficient and, although a number of countries have attempted extension services to improve the standards of farming, there has been little success. The schemes have either been badly managed (Togo), short of trained personnel (Nigeria) or simply starved for funds (Ghana). The net result has been a disillusionment of the local farmer with government aid and an additional burden on the countries' exchequers.

On all these issues, ECOWAS countries can be expected to pool their experiences and attempt a joint approach even though the real work will have to be carried out at a national level. In their deliberations, the example of the Ivory Coast could prove most revealing because it is one of the few countries on the continent that has increased its food and export crop production considerably since independence.

The World Bank pointed out in a recent report on the Ivory Coast: "From 1965 to 1975, the rural population increased 27 percent but produced 42 percent more food. Imports of foodstuffs for each urban inhabitant declined from 200 kilograms to 115 kilograms." According to officials in Abidjan, the main reasons for their success are a sensible producer price, access to markets and availability of inputs — the farmer does the rest.

The Ivory Coast economy grew at a healthy annual average of 7 percent for the last decade almost entirely because of its concentration on agriculture. The greatest benefit for the country has been a more equitable spreading of the benefits of development than in countries like Nigeria, which has concentrated much more of its oil income in the urban areas. The challenge that the Ivory Coast faces is to absorb the money that will soon start flowing from oil into the economy without distorting or destroying its agricultural base.

For example, much of Ghana's cocoa ends up in the Ivory Coast and Togo. Nigeria's cocoa crosses the border into Benin, and Nigerian groundnuts make their way to Niger. Despite the acute food shortage in Upper Volta, some of its food does vanish into Ghana. It is an issue that is best dealt with by an international body like ECOWAS.

NNPC IS PIONEERING THE DIVERSE TECHNOLOGIES NIGERIA NEEDS FOR THE YEARS AHEAD

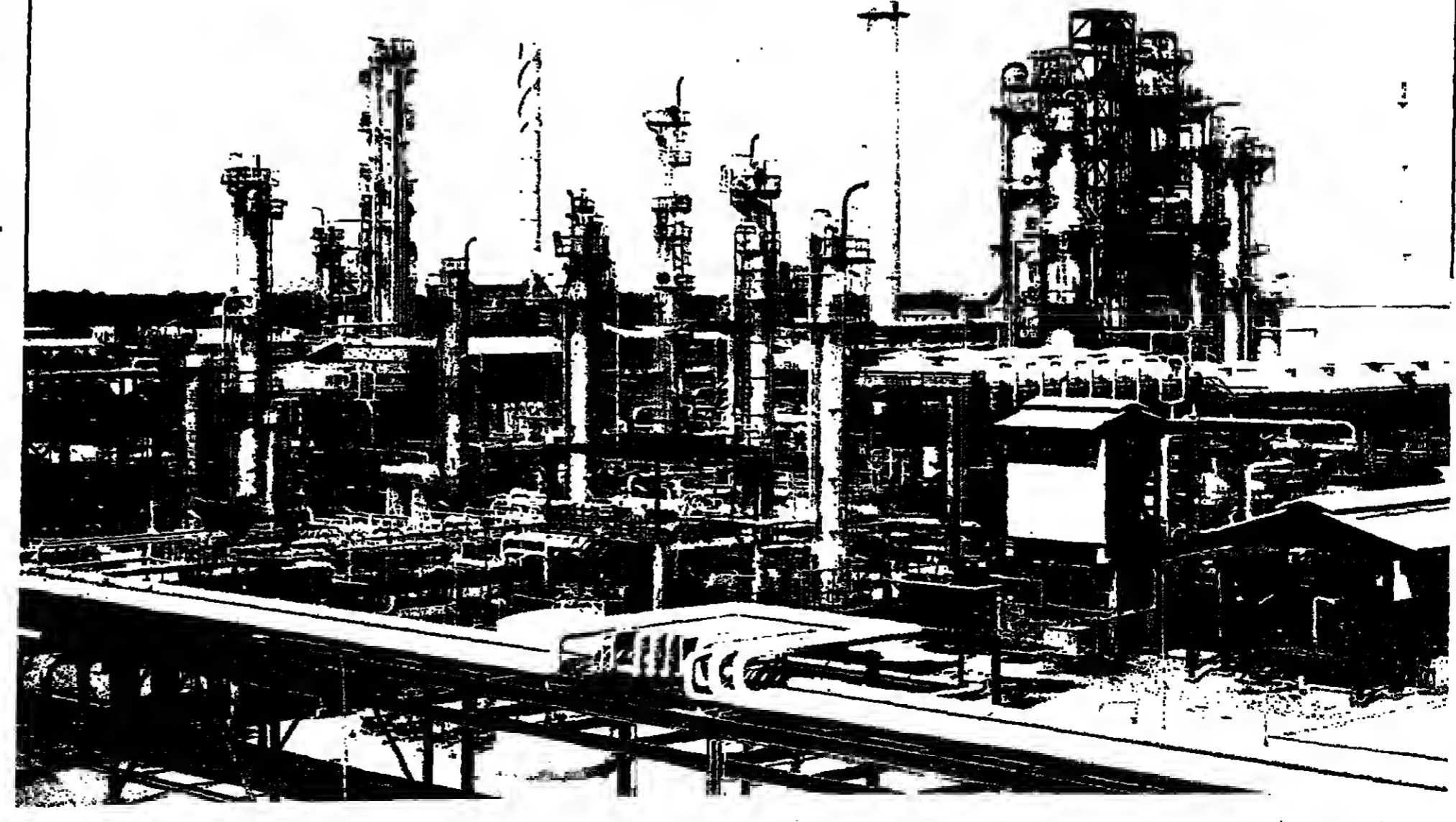
WHEN YOU THINK OF INFRASTRUCTURE FOR NIGERIA'S INDUSTRIAL TAKE-OFF, THINK OF NNPC.

PETROLEUM AND ITS BY-PRODUCTS: THE VERY BASICS OF INDUSTRY TODAY AND FOR CENTURIES TO COME.

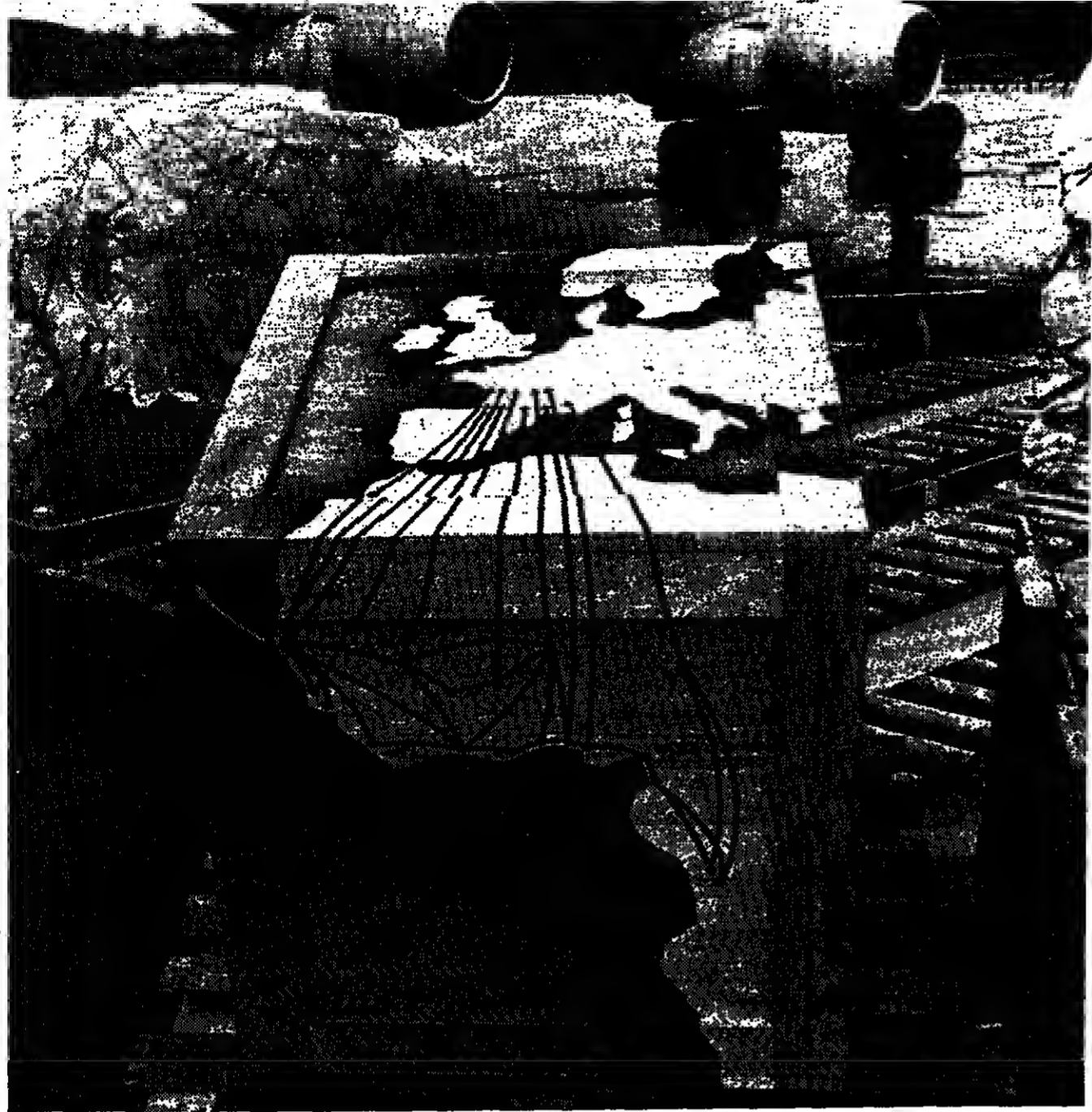
THE RAPID PACE OF MODERNISATION, THE SPECTACULAR INDUSTRIAL DEVELOPMENT IN NIGERIA, THE REQUIREMENTS OF INDUSTRY: OF PLASTIC ENGINEERING, AND AGRICULTURE; OF CHEMICAL ENGINEERING, AND THE TYRE INDUSTRY, ETC.

EACH DEPENDS ON THE STRENGTH OF PETROLEUM... AND ITS BY-PRODUCTS. THAT MEANS NNPC.

IT IS NO EXAGGERATION, WE ARE THE PIVOT OF NIGERIA'S ECONOMIC GROWTH.



THE GIANT OF FREIGHT IN AFRICA.



AIR AFRIQUE CARGO: THE MOST COMPLETE NETWORK BETWEEN AFRICA AND EUROPE AND THROUGHOUT AFRICA.



ABIDJAN - ACCRA - BAMAKO - BANGUI - BOBO DIULASSO - BORDEAUX - BRAZZAVILLE - CASABLANCA - CONAKRY - COTONOU - DAKAR - DOUALA - FREETOWN - GENÈVE - KINSHASA - LAGOS - LAS PALMAS - LIBREVILLE - LOMÉ - MARSEILLE - MONROVIA - N'DJAMÈNA - NIAMEY - NICE - NEW YORK - NOUAKHOTT - OUAGADOUGOU - PARIS - ROMA

ECOWAS



Members of a tribe in Guinea do their laundry in the Niger River, which is 2,600 miles long.

New Projects Signal a Change in Policy

(Continued from Page 75)

phoric acid, used in the manufacture of fertilizer, will be sold to a group of private companies from India, which have taken a 21.6-percent stake in the project. Senegal is the single largest shareholder, with 26.6 percent. The Islamic Development Bank, plus a French chemical company, EMC, which will manage the project, have also subscribed to a part of ICS capital.

Sulfur will have to be imported to produce 560,000 tons of sulfuric acid used in the manufacture of fertilizer, as will the ammonia, which is one of the components in diammonium phosphate fertilizer.

The ICS project is expected to give a boost to Senegal's phosphate mining industry, currently the second-largest producer in the region after Togo. Senegalese output in 1980 was about 2.25 million tons.

Another mineral processing project with enormous potential for regional integration is the giant \$3.45-billion iron and steel works at Ajaokuta, Nigeria. President Shehu Shagari laid the foundation stone for the project on June 18, and the government hopes that the plant will open in 1983. Construction of the Ajaokuta facility, which is being managed by a Soviet firm, Tiaprom Export, was seriously delayed last year, apparently because the local steel development authority failed to build enough housing for Russian workers on the site.

Iron Source

There are reports that Nigeria plans to purchase iron ore for Ajaokuta from Liberia, another ECOWAS member state, whose iron output has been declining in recent years because of the slump in world steel production. Mauri-

tania, which has the richest iron ore in the region, is a second potential source of raw material for Ajaokuta.

The other example of trade in unprocessed mineral resources among West African nations involves Nigerian crude oil, which is delivered to petroleum refineries in other parts of the region. Most of 2 million tons of crude supplied to the Ivory Coast annually comes from Nigeria. A part of the refined petroleum product manufactured in Abidjan is eventually re-exported to the neighboring states of Upper Volta and Mali, providing an extra link in regional trade.

Nigeria has also taken shares in two mining ventures, which it hopes will guarantee it access to mineral supplies for its industry. These include a 13.5-percent interest in the Mifegni iron project in Guinea, which is seeking additional financing before it gets under way, and a 12-percent share in a planned uranium mine in Niger.

Mauritanian Industry

Most other current mining activities in West Africa are single-country schemes, with as yet no regional integration. Ghana, for example, with more than half of the world's proven bauxite reserves, exported about 10.3 million tons of bauxite ore and 600,000 tons of alumina in 1980, but both the foreign investors in the mines and the purchasers of the output were developed countries. Two of Guinea's three mines are managed by consortia of Western companies, while the third is run by the Soviet Union.

The same story is true for Mauritania's iron industry, the mainstay of the country's economy. All of the 1980 production of 9 million tons of iron ore was exported to Europe, and foreign shareholders in the planned \$500-million

lion Guelbs iron project are mainly oil-exporting nations from the Middle East. No West African country has taken a share in Guelbs, which is expected to boost Mauritania's iron ore production to 14 million tons a year in 1985.

In Niger, the two uranium mines at Arlit and Akouta, in the north of the country, which produce all of the country's 4,000 tons of semi-processed metal, or "yellow cake," are jointly owned by the Niger government and several European and Japanese energy firms. The second-largest producer of uranium in Africa, after Namibia, Niger currently exports all of its yellow cake to countries outside the region, including a controversial sale of several hundred tons of the metal to Libya in 1978.

Probably the most difficult promotion of regional economic integration in mining involves gold and diamonds, because there is no ready market for them in the region and because, in the case of diamonds, they require high-technology processing.

Sierra Leone has traditionally been the leading diamond producer in the region, with \$120 million in diamond exports last year. There are reports, however, that neighboring Guinea has far richer reserves of the gemstones, and the government is seeking foreign partners in diamond-mining ventures.

Gold production has been declining in recent years, especially in Ghana, but several West African nations hope that the meteoric rise in world gold prices in 1979 and 1980 will give a boost to gold mining. In Upper Volta, financing of \$44.3 million was arranged last year to reopen a gold mine at Potara that has been closed since 1966. Investors, including the Upper Volta government and the French company Coframines, expect to recover about 1.9 tons of gold a year from the mine, worth \$40 million.



شركة المنتجات الموريتانية
SOCIÉTÉ DES FRIGORIFIQUES DE MAURITANIE
SOCIÉTÉ ANONYME AU CAPITAL DE 16.000.000 OUGUIYA
R.C. NOUADHIBOU - 43

NOUADHIBOU - (R. I. DE MAURITANIE)
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21-81
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DIRECTEUR GÉNÉRAL :

M. Mohamed Salem O/Sidha

DIRECTEUR GÉNÉRAL ADJOINT :

M. Efdili O/Sidi Haiba

صو فرما

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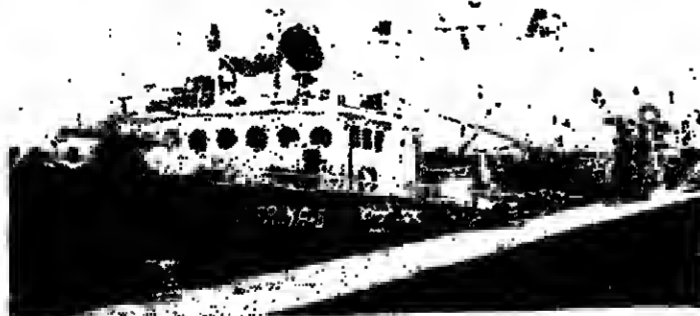
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SOFRIMA

A joint-stock company with registered capital of 16,000,000 UM—of which the State of Mauritania is one of the principal shareholders—the "Société des Frigorifiques de Mauritanie" was incorporated in 1968 to operate the publicly-owned refrigerated installations under concession.

These installations, which are located on the "Jackal" fishing wharf at Nouadhibou, comprise the following:

- a building 85 m long by 60 m wide;
- six tunnels for freezing to -45°C , with a capacity of 60 t/d;
- four cold stores at -25°C , with a total capacity of 4,000 cu. m., for frozen fish;
- a cold store at -25°C with a capacity of 460 cu. m. for frozen foods;
- a cold store at 0°C with a capacity of 460 cu. m. for fresh foods;
- an ice-making plant producing 60 t/d of ice blocks and 24 t/d of crushed ice;
- a cold store for ice, with a capacity of 800 cu. m.;
- a fish-offloading hangar of 772 sq. m.;
- administrative and service buildings.



COMPANY ACTIVITIES

—the acquisition of a fleet of 4 ice trawlers 32.36 m long, and of 10 ice trawlers 16 m long;

—the manning and operation of ice trawlers;

—the processing and freezing of fish of all kinds;

—the manufacture and sale of ice to ship operators and the public;

—the storage of all kinds of product;

—the marketing of fish: sales to Japan (squid, cuttlefish and octopus only), to Europe and other African countries for all other products;

—Projects under study:

- the development of shipping operations,
- increasing the company's capacity for freezing, storing and ice manufacture,
- diversifying production.

INVEST IN THE IVORY COAST

- Full facilities for transferring capital out of the country.
- An extremely flexible taxation system.
- Tax-free entry for machinery and raw materials used for production.
- Investment rules that are the most liberal in French-Speaking Africa.

The investment Code is enacted in two laws:

- I) The law of 3rd September 1959 on private investments.
- II) The law N° 73-368 of 26th July 1973 on tourist investments.

USEFUL DOCUMENTS

- le Budget général de Fonctionnement;
- le Budget spécial d'investissement et d'équipement;
- les Comptes de la Nation;
- le Plan quinquennal 1981-85 (the Five-Year Plan, also published in English);
- la Centrale des Bilans;
- la Côte d'Ivoire en chiffres.

... these documents and statistics which are produced by the Ministère de l'Économie, des Finances et du Plan are available from the Service Diffusion, SADAP, BP V 125, ABIDJAN.

USEFUL ADDRESSES

- ABIDJAN**
Ministère de l'Économie et des Finances
Direction générale des Douanes - BP V 163
Direction générale des Impôts - BP V 103
Direction de la Prévision - 04 BP 650
Direction centrale des Marchés - BP 169
Service autonome de la Documentation, des Archives et des Publications - BP V 125
Caisse autonome d'Amortissement - BP 670
Ministère de l'Information - BP V 138
Ministère des Travaux Publics, des Transports, de la Construction et de l'Urbanisme - BP V 6
Ministère du Commerce - BP V 142
Ministère de l'Agriculture - BP V 82
- LONDON:** Ivory Coast Embassy
2 Upper Belgrave Street
London SW1
- NEW YORK:** Economic Bureau of the Ivory Coast
117 East 53th Street
New York, N.Y., 10022
- PARIS:** Bureau Economique de la Côte d'Ivoire
24, Boulevard Suchet, 75116 Paris

ECOWAS



Président de la République de Haute-Volta, COLONEL SAYE ZERBO.

1. MR. PRESIDENT: COULD YOU TELL US WHERE YOUR COUNTRY STANDS IN 1981?

I'm not sure I understand exactly what you mean by this question. But one thing I can say: on November 25, 1980, Upper Volta decided to take its destiny into own hands.

The Military Committee of Recovery for National Progress has been working since its institution towards the following end: to unite all the citizens of Upper Volta and give them back confidence in the future of their country, since this future is full of promise provided everyone works together with the same object in mind.

2. WHAT ROLE DOES UPPER VOLTA PLAY IN ECOWAS?

Upper Volta is a founder member of ECOWAS, and as such has the full intention of working towards complete achievement of its objectives. It is sparing no effort to implement the decisions of the Community.

As a country with no outlet to the sea, Upper Volta is wholeheartedly supporting all the efforts of ECOWAS to lay down a policy for communication systems between the member states. Our sub-region can only develop in a harmonious manner if there is dynamic cooperation based on complementarity.

3. WHAT CONTRIBUTION DOES YOUR COUNTRY MAKE TO THE ECONOMIC COMMUNITY OF THE WEST AFRICAN STATES?

Upper Volta has always shown interest in regional and sub-regional groupings whose object is to promote and reinforce cooperation between the African states. It thus fully supports the aims and objectives of ECOWAS, which are to encourage the development and wellbeing of the people who live in this sub-region. To this end, it has regularly attended the meetings of ECOWAS at every level.

We believe that it is through discussion in depth that the problems implied by integration of the member states of ECOWAS will be solved, and especially those involved in the reduction and elimination of customs and other barriers, and in the practical application of the agreement on free circulation of persons and goods within the Community.

4. WHAT FINANCIAL RESOURCES ARE BEING MADE AVAILABLE TO UPPER VOLTA BY THE COOPERATION, COMPENSATION AND DEVELOPMENT FUND, AND WHAT PROJECTS HAVE ALREADY BEEN COMPLETED?

The ECOWAS fund is an institution whose structures are not yet fully operational. So it is hardly surprising that its activity is still limited. The Fund is an instrument that is an excellent example of cooperation between the member states. At the appropriate moment, Upper Volta will approach it with a view to implementing certain of the country's projects.

5. HOW ARE YOUR RELATIONS WITH THE OTHER MEMBER STATES OF ECOWAS?

Even before ECOWAS was formed, Upper Volta had always been on excellent terms with the other countries. Our dealings with them essentially concern commercial exchanges and communications. ECOWAS offers an especially favorable context for increasing the cooperation between Upper Volta and the other member states of the Community.

6. ONE OF THE SPECIFIC OBJECTIVES OF THE COMMUNITY IS TO PROMOTE COOPERATION BETWEEN THE WEST-AFRICAN STATES. IN YOUR VIEW, MR. PRESIDENT, HOW FAR HAS ECOWAS GONE TOWARD ACHIEVING THIS OBJECTIVE, AND FOR WHAT REASONS?

The ultimate aim of the ECOWAS Treaty is integration between the member states. Such integration must be achieved in successive stages.

To arrive at this end, the member states must transcend their present narrow nationalism and realize that the success of ECOWAS depends on the political will of each one. All the members must be conscious that cooperation is a deliberate option that also implies constraints. One of the achievements of ECOWAS that I like to cite is the agreement on free circulation of persons and goods among the member states. This agreement is one of the essential elements for integration. That is why all the member states must implement all its relevant provisions.

After the summit meeting of ECOWAS in Freetown on May 28 and 29, the Community must move on to a new stage in the demolition of tariff barriers. ECOWAS is thus pursuing its objectives, bearing in mind the difficulties with which its members are confronted. For, the international economic environment is at present hardly favorable for accelerated integration. Our states are meeting with difficulties of all kinds, and so they must act with prudence and circumspection. ECOWAS is one of the links in a chain that will enable Africa to achieve by the year 2,000 its integration in the Common Market that is so ardently desired.

FATHI MAHOUACHI.

Improvement in Ties Seen in Last 5 Years

THIS INTERVIEW with Aboubacar Diaby-Ouatara, executive secretary of ECOWAS, was conducted by Kenneth Mackenzie, the editor of West Africa, shortly before the summit meeting in Freetown in May. It is reprinted in shorter form from that publication.

KENNETH MACKENZIE: An official pamphlet on the first five years of ECOWAS says: "The main aim of the various institutions in the Community has thus far been to make ECOWAS operational." Is ECOWAS now operational?

ABOUBACAR DIABY-OUATARA: The answer is definitely "yes." In order to assess the progress of such an organization as ECOWAS, you have to look at the specific programs and timetables. Another way of assessing progress is to look at the West African region today and the West African region of four or five years ago, and see if there has been any change in atmosphere and relationships.

After all, the aim of bringing into being such an organization is to create a spirit of oneness, of solidarity, of recognizing a need to work together. The reason for wanting that is the desire to develop together. But results will only come if the right atmosphere is present. If there is no peace, there is no economic development. My assessment is that a substantial improvement has taken place in West Africa over the past five years in the terms of relationships between countries. In January, 1977, when I assumed office, some of the West African countries were not even talking to each other. Today, that is a thing of the past.

Q: The beginning was a troubled time within ECOWAS. There was a conflict between the Fund and the Secretariat, between Romeo Horton and yourself that took two and a half years to resolve. Was this a serious handicap to the beginning of ECOWAS?

A: Not from my point of view. It would have been a handicap if it had prevented the ECOWAS programs from moving on schedule. But that was not the case. While

there were those sensations in the press, I made it a strategy to ensure that the work that was needed at that stage in the life of the community would proceed.

The work was, firstly, conceptualizing the infrastructure of the community's institutions and, secondly, carrying out the basic research to provide the information we needed to formulate the medium-term work program. I carried on with the work while Mr. Horton made the headlines. This was why, at the very meeting at which Mr. Horton was dismissed, the priority work program of the community, which we are now implementing, was approved. There were complaints at the time that I was not paying attention to public relations, but it was deliberate. I thought it necessary for us to be left alone for a time.

In the life of an organization there are different priorities at different stages. You have to be sure that, as you say in English, you do the right thing at the right time. The right thing at the right time was to set the house in order and give some sense of direction. This is what we did. The proposals we made to the Council of Ministers in May, 1979, laid down the priority work program for the community.

RICHARD SYNGE is West Africa editor of the London-based *Africa Economic Digest*.

ROBERT HECHT is a free-lance journalist specializing in West Africa; he has written about the region for numerous publications, including the *International Herald Tribune's* special supplements. He is finishing a doctorate in social anthropology, concentrating on the Ivory Coast.

GILLIAN GUNN is assistant editor for Africa for *Business International*.

KENNETH MACKENZIE is the editor of the magazine *West Africa*.

BAYO ROTBI is on the staff of the *Africa Economic Digest*.

LEON DASH is a reporter on the staff of *The Washington Post*.

Q: Returning to your point about an improved atmosphere, to what extent can ECOWAS claim credit for the reconciliation between Guinea and her neighbors, and for the improved Anglophone-Francophone relations?

A: With regard to the second, ECOWAS undoubtedly has contributed to bridging the ignorance gap between the two groups. Ignorance breeds fear and prejudice. ECOWAS in the past five years has provided a forum for contact between English-speaking and French-speaking countries, and that has contributed to creating the feeling of belonging to one region. On the first issue, I can tell you that ECOWAS played a role. I would not boast, of course, that we deserve the sole credit, but I can definitely say that ECOWAS played a role. I do not want to say more than that. Reconciliation among countries was a must before progress could be made. As you know, one year later a very difficult protocol on the free movement of people was signed. This would never have been possible without the reconciliation because of the problem of refugees, and so on.

Q: What is the main purpose of this year's Council of Ministers' and summit meeting?

A: Firstly, to take stock of the progress that has been made toward the implementation of the priority programs to see what measures can be taken to consolidate the achievements so far. There is a need sometimes to stop and think about where we are and where we go from here.

To name two specifics, on the free movement of people protocol, we will assess how the program is being implemented; on the telecommunications program, we can report that we had a donors' conference a few days ago and that the program is now well on its way since we have found the financing for it. This will be the community's first major project.

Q: On the free movement of people, is there not some controversy and opposition developing?

A: Anyone who reads the very cautious plan that it was very cautiously planned, proposing a stage-by-stage program. The protocol itself is not a problem. The question is how it is being implemented. In fact, we made sure that there were specific directives for member countries to follow so that that protocol, which is the first important measure to affect ECOWAS citizens, should not produce unexpected problems. But time is needed.

We anticipated that there would be some uneasiness at the beginning about the free movement of people, but that is not the fault of the protocol. The member countries have to find their feet in this new situation. It is the first regional decision that has had to be implemented. It is the first that affects the ordinary citizen. There will be many more.

Q: In the last year ECOWAS has experienced a coup in one of its states, Liberia. Is the organization equipped to deal with sudden and violent change in one of its members?

A: I think it has been proved that this does not disrupt ECOWAS at all. Since ECOWAS started, governments have changed many times, but that has never affected the ECOWAS momentum.

Attractions That Travel Agents Dream of...

WEST AFRICA has an abundance of attractions that travel agents dream of: tropical parks and lagoons and islands, game parks and mountain scenery, handicrafts and traditional music and dance. There is also the unique concentration of historical sites connected with the slave trade, including eerie forts and dungeons.

But West Africa is not yet a prime tourist destination, partly because of the severe economic hardships of many West African states and partly because the tourist industry has not demonstrated that it can become a significant economic or social benefit to the region as a whole.

Only Senegal and the Ivory Coast, the two countries that have kept the closest ties with France, have retained the European colonial tradition, with spicuous hotels and efficient travel agencies able to book car, motor or weekend excursions and to provide game viewing, deep-sea fishing, golf, tennis and haute cuisine.

Other countries had different priorities after independence in the 1960s and tourism only began to develop again in the 1970s. Gambia, for example, has had an increase of package tours from Scandinavia, with a subsequent boost from the United States following the publication of Alex Haley's "Roots" and its serialization on television.

to provide business conference facilities, but it has difficulty attracting cheap package tours because of high air travel costs.

In Upper Volta, a French air charter firm, Le Point de Mulhouse, has in recent weeks introduced the most competitive air fares yet in French-speaking Africa. The French-managed Air Afrique has been prompted by this development into considering more concessionary rates to some countries.

Ghana, perhaps more richly endowed with historical and cultural attractions than any other country in the region, has been unable for reasons of political and economic uncertainty to develop an orga-

nized tourist industry although it remains popular with those who know it well.

West Africans are very sensitive to manifestations of the search for "exoticism" among Western travel agencies and travelers, but few West African entrepreneurs have tackled the problem of constructing a more locally based and authentic industry.

The need for a change in the traditional approaches to the tourist industry in West Africa is felt most in the areas of "sophisticated" tourism, particularly in Senegal, where the irony of ever-more ambitious hotel complexes in an atmosphere of extreme economic

difficulties and growing poverty is not lost on the average Senegalese.

In the Ivory Coast, there is a more secure basis for expensive and smoothly running tourist industry. Foreigners in West Africa working for short periods on construction or other projects look to the Ivorian capital and coastline for the creature comforts that they miss. But the Ivory Coast tourist industry, largely managed by foreigners, has been unable to guarantee the low prices required by the package industry from Europe.

With the growth of a wealthy class of Nigerians, inter-African luxury tourism has also begun. Nigerians are taking holidays, often mixed with business, in West Africa, gravitating to the existing facilities in the Ivory Coast and stimulating the development of holiday hotels both in their own country and in neighboring Benin and Togo.

The international hotel groups have concentrated their construction programs in West Africa on Nigeria. The Lagos state government announced last month that 14 international class hotels would be built around the Nigerian capital.

Although West Africa is unlikely to become a mass package-tour destination, except in a few spots, it will steadily acquire the facilities for modern business travel to match the growth of inter-ECOWAS trade and cultural exchange.

— RICHARD SYNGE



A mosque of the Sudan style at Bobo-Dioulasso, Upper Volta.

U.S. Consumer Prices Climbed 0.7% in June

The Associated Press
WASHINGTON — Housing costs, boosted by record home prices, sent U.S. consumer prices up 0.7 percent in June, an annual rate of 8.8 percent, the government reported Thursday.

June's rise was the fourth consecutive month of annualized increases of less than 10 percent as measured by the Consumer Price Index.

Deputy White House Press Secretary Larry Speakes said that "June's results, together with the GNP (gross national product) index, emphasize the overall moderation in inflationary pressures, which are bringing a measure of welcome relief to American consumers."

The improvement from the 12.4 percent annual rate registered for all of last year has been the result largely of lower-than-expected energy and food prices, and both increased only modestly again in June.

But a big increase in housing costs, which had begun showing up

Inflation of 3% Seen for Japan

United Press International
TOKYO — Japan's chief economic planner indicated Thursday that consumer prices would not rise more than 3 percent in the current fiscal year.

An official forecast by government economists has put the inflation rate for the fiscal year beginning in April at 5.5 percent. But Toshio Komoto, director-general of the government's economic planning agency, told a group of businessmen that barring unexpected price increases of seasonal goods or a sharp depreciation of the yen, the inflation rate would be contained within the 3 percent level.

He added that Japan may chalk up a surplus in the current accounts in the current fiscal year if exports continue to maintain their present brisk pace.

BUSINESS NEWS BRIEFS

Ford Motor Posts 2d Quarter Profit
The Associated Press
WASHINGTON — Ford Motor reported a profit of \$60 million Thursday for the year's second quarter, a sharp turnaround from a loss of \$468 million in the same period last year.

Chairman Philip Caldwell said the profit reflected "substantial reduction in costs and improved demand for the company's products in the United States and most foreign markets."

Ford, the second-largest U.S. automaker, earned \$31 million before taxes in the second quarter, compared with a \$971 million loss before taxes last year.

Ford said it finds the level of industry sales disappointing, particularly in the United States, but added that it sold more small cars in the country during the 1981 model year than any other manufacturer. It said its Escort, introduced last October, is the best selling line in America.

Matra, Tandy to Form Subsidiary in France
Reuters
PARIS — Matra said Thursday it agreed with Tandy to set up a subsidiary in France in which Matra will hold a 51-percent stake.

It will manufacture the FR 80 Model Three microcomputers, which Tandy will sell in EEC countries, and develop other mass electronics products notably in the telecommunications field. Matra gave no financial details of the agreement, which needs approval of the authorities in both countries.

Japan to Cut Off Funds for Iranian Project
The Associated Press
TOKYO — Japanese investors in a \$3.2 billion petrochemical complex in Iran will send a delegation to Tehran next week to inform oil officials there that Japan will spend no more on the nearly completed project, a Japanese official said Thursday.

The delegation from Mitsui, chief developer in the project, will carry the message that Iran must future costs for the stalled Bandar Khomeini complex in southern Iran, said a spokesman for Iran Chemical Development, Mitsui's investment wing.

He said the Japanese side is prepared to continue selling equipment and offering technological aid to the project but does not consider it commercially feasible to invest further in the much-delayed complex.

Mitsui Sees Better Results Next Year
Reuters
TOKYO — Mitsui and Co. said Thursday its consolidated net income in the business year ending next March will rise to about 28 billion yen (\$120.8 million) from 18.26 billion last year on sales of about 16 trillion yen, up from 14.93 trillion.

A Mitsui spokesman said this was a rough estimate with much depending on the yen-dollar exchange rate. Mitsui earlier in the day reported that the 18.26 billion yen was a 35.7 percent drop in net income. The company said, however, that the sales figure was up 11 percent from 13.44 trillion last year.

CSR Proves New Australian Coal Reserves
Reuters
ADELAIDE, Australia — CSR has established the existence of substantial brown coal deposits in Mannum, about 100 kilometers (62 miles) east of here, General Manager Gordon Jackson said Thursday.

He said drilling has so far has outlined 212 million metric tons of measured and indicated reserves, and a further significant rise in reserves is expected from the 1981 drilling program.

Like other South Australian brown coals, these deposits have a high moisture and sulphur content although the sodium content is appreciably lower, he added.

CURRENCY RATES

Interbank exchange rates for July 23, 1981, excluding bank service charges.

Currency	Per U.S.	U.S.	Per U.S.	U.S.	Per U.S.	U.S.	Per U.S.	U.S.	Per U.S.
Amsterdam	2.718	0.368	111.28	0.87	1.37	0.73	1.37	0.73	1.37
Braunschweig	2.718	0.368	111.28	0.87	1.37	0.73	1.37	0.73	1.37
Frankfurt	2.718	0.368	111.28	0.87	1.37	0.73	1.37	0.73	1.37
London	1.654	0.608	163.97	0.61	1.65	0.61	1.65	0.61	1.65
Milano	1.712	0.585	170.72	0.59	1.71	0.59	1.71	0.59	1.71
New York	0.87	1.15	87.00	1.15	0.87	1.15	0.87	1.15	0.87
Paris	6.55	0.153	65.50	0.15	6.55	0.15	6.55	0.15	6.55
Zurich	2.027	0.493	202.70	0.49	2.03	0.49	2.03	0.49	2.03
ECU	1.936	0.517	193.60	0.52	1.94	0.52	1.94	0.52	1.94

Dollar Values

Currency	Per U.S.	U.S.	Per U.S.	U.S.	Per U.S.	U.S.	Per U.S.	U.S.	Per U.S.
1.136	Australian \$	0.775	1.28	0.77	1.29	0.77	1.29	0.77	1.29
0.827	Canadian \$	1.215	0.82	1.21	0.82	1.21	0.82	1.21	0.82
0.299	Deutsche Mark	3.36	0.30	3.36	0.30	3.36	0.30	3.36	0.30
0.297	French franc	3.40	0.29	3.40	0.29	3.40	0.29	3.40	0.29
0.148	Great Britain £	6.70	0.15	6.70	0.15	6.70	0.15	6.70	0.15
0.174	West German M	5.75	0.17	5.75	0.17	5.75	0.17	5.75	0.17
1.479	Irish £	0.677	1.48	0.68	1.48	0.68	1.48	0.68	1.48

Source: Reuters. (1) 100 U.S. cents. (2) Amounts needed to buy one pound. (3) Units of 100. (4) Units of 1,000.

Brascan Venture Seeks Noranda

United Press International
TORONTO — Brascan and Caisse de Depot et Placement du Quebec announced Thursday that they were pooling their holdings in Noranda Mines and will seek representation on the Noranda board.

The new company, Brascan Resources, will have an initial equity of 1.6 billion Canadian dollars (\$1.2 billion).

Brascan President J. Trevor Eytton and Caisse Chairman Jean Campeau announced also Brascan plans to purchase 20 million Noranda common shares at 36.25 Canadian dollars each and 1.8 million convertible preferred shares at 109 Canadian dollars each.

Brascan and Caisse together hold 24.3 million common shares in Noranda, about 28 percent, which will be pooled in the new company. With the additional share purchases, Brascan would hold about 39.2 percent of each of Noranda's common shares and convertible preferred shares.

The two companies said they have authorized the investment of a further \$600 million cash in the equity of Brascan Resources and are presently arranging bank lines with Canadian chartered banks aggregating more than \$1 billion.

Ownership Breakdown
The new company will initially be 70 percent indirectly-owned by Brascan and 30 percent by Caisse de Depot and will participate in Canadian resource development, Mr. Eytton said.

He said the proposed purchase price was fair "given current depressed metal markets and materially reduced earnings prospects for Noranda in 1981."

The purchase offer for Noranda stock was the same as that paid by Brascan for 5.5 million No-

Chrysler, Union in Profit-Sharing Accord

The Associated Press
DETROIT — Chrysler and the United Auto Workers union have agreed on a profit-sharing program for UAW members employed by the No. 3 U.S. automaker, the union announced Thursday.

UAW Vice President Marc Stepp, who heads the union's Chrysler department, said he hopes the plan will be in effect by next year. The agreement runs through the end of 1985. The plan still must be approved by the federal Chrysler Loan Guarantee Board.

Chrysler and the UAW agreed in January to negotiate a profit-sharing plan in exchange for wage concessions granted by the union. The concessions were necessary to win approval from the loan board for the latest round of \$300 million in federally guaranteed loans.

On Wednesday, Chrysler said it posted a \$12 million profit in the second quarter, its first quarterly profit since late 1978.

The amount of money available to workers under the plan is keyed to Chrysler's net worth. For instance, if Chrysler's net worth was \$1 billion and the company earned \$300 million in profits, about \$30 million of those profits would be distributed among about 70,000 UAW members, Stepp said.

The workers would have the option of accepting Chrysler stock or credit toward the purchase of a Chrysler vehicle. If the worker chose a purchase credit, he would

Japan Agrees to Expand Purchases of Mexican Oil

The Associated Press
TOKYO — Japanese oil companies have agreed to continue buying 100,000 barrels of oil daily from Mexico and to eventually take up to 200,000 barrels daily, it was announced Thursday.

Japan's Mexican Petroleum Import Co. said it will start buying more oil after working out a purchase schedule with Mexico "as soon as possible," but did not necessarily commit itself to increasing Mexican crude-oil purchases to 300,000 barrels a day, as Mexico has proposed.

In the joint communiqué, Petróleos Mexicanos also announced that it will set oil prices in proportion to the amount of light and heavy crudes in the "mix" it sells. Mexican Petroleum Import apparently will be allowed more choice in the kind of crude it buys,

Japan Agrees to Expand Purchases of Mexican Oil

an important concession to oil refiners since many have been asking for a lighter mix.

The change in its pricing system also may provide Pemex a discreet way to back down from the \$2-a-barrel oil price increase it has been pushing despite a worldwide oil glut and slack demand.

Mexico cut its average price of oil for export by \$4 a barrel June 1, which caused a political uproar at home. When it tried to add \$2 back to the price, several foreign oil companies suspended their contracts.

Japan Agrees to Expand Purchases of Mexican Oil

Chrysler cars and trucks — also will be arranged, Mr. Stepp said.

He blasted Chrysler for putting the company and the union "back into an adversarial posture" by granting pay raises to certain executives and engineers, including chairman Lee A. Iacocca.

Japan Agrees to Expand Purchases of Mexican Oil

Chrysler said they hope that as the two largest shareholders in Noranda, they will be given Noranda board representation. Mr. Eytton said Brascan had intended originally to hold a 20 percent interest in Noranda and two places on Noranda's board.

"Brascan Resources would seek to nominate to an expanded board the number of directors proportionate to its percentage holding in Noranda," Mr. Eytton said.

Seagram Boosts Bid \$7 to \$92 In Battle for Conoco Control

From Agency Dispatches
NEW YORK — Seagram raised its offer Thursday in the heated bidding war for Conoco to \$92 a share from \$85 a share for 51 percent — and possibly more — of the company's outstanding shares.

The announcement by Joseph E. Seagram & Sons, U.S. subsidiary of the Canadian liquor concern, came a day after Mobil said it may sweeten its \$90-a-share offer for 43.5 million, or 50 percent, of Conoco's shares "so that it would be at least as high per share" as the \$95-a-share cash portion of the offer by Du Pont offer, the third competitor in the most hotly contested and richest merger battle in corporate history.

Mobil has offered \$90 a share in cash for 50 percent of Conoco stock and an equally valued stock swap for the rest. Du Pont has bid \$95 a share in cash for 40 percent of Conoco stock and a lesser-valued stock swap of 1.7 Du Pont shares for each of the remaining Conoco shares.

Conoco has fiercely resisted Seagram's offer, which now totals around \$4.08 billion, up from \$3.77 billion, and a "Conoco spokesman, reached at the company's Stamford, Conn., headquarters, declined comment on Seagram's latest move. Conoco directors are on record as favoring the offer Du Pont.

Conoco sued Wednesday to enjoin Mobil's bid on the grounds that Mobil, the second-largest U.S. oil company, would violate U.S. antitrust laws if it merged with Conoco, the ninth largest.

In return Mobil announced Thursday that it is suing Conoco for access to the company's shareholders list so that it can inform Conoco holders about its offer.

Mobil said it asked for the list Tuesday and Wednesday but was rebuffed by Conoco. Under Delaware law, a shareholder has the right to inspect a company's stockholder list. Mobil owns 755,800 Conoco shares.

Seagram also extended to Aug. 5 from Friday the deadline for accepting its offer for 44.35 million Conoco common shares. But it did not change the July 31 deadline for any Conoco shareholder to withdraw shares tendered to Seagram under the offer.

Seagram, which said it has borrowed an additional \$200 million to back its higher offer, added it is prepared to begin payment for shares immediately following the July 31 expiration of the withdrawal period.

Prices Gain on Wall Street As Traders Seek Bargains

From Agency Dispatches
NEW YORK — Prices on the New York Stock Exchange, with the help of some bargain hunting, broke out of a three-session slump Thursday despite continued high interest rates.

The Dow Jones industrial average, which plunged 9.80 points Wednesday to a seven-month low, was ahead 3.90 points to 928.56 an hour before the close. It had been down more than a point at midday. The Dow average Wednesday hit its lowest level since it finished at 918.09 on Dec. 16, 1980.

Declines led advances, 786-524, among the 1,875 issues traded.

The five-hour NYSE volume was 41.79 million shares, compared with 47.5 million traded during the corresponding period Wednesday.

Analysts said they expected the market to experience some bargain hunting because it has fallen so sharply in the past five weeks. Also, some traders were replacing borrowed shares they sold earlier.

Treasury Undersecretary Beryl Sprinkel said Thursday that restricting money supply growth is absolutely necessary to eliminate inflation and that the Reagan administration is "quite pleased" with the Federal Reserve Board's tight money policy.

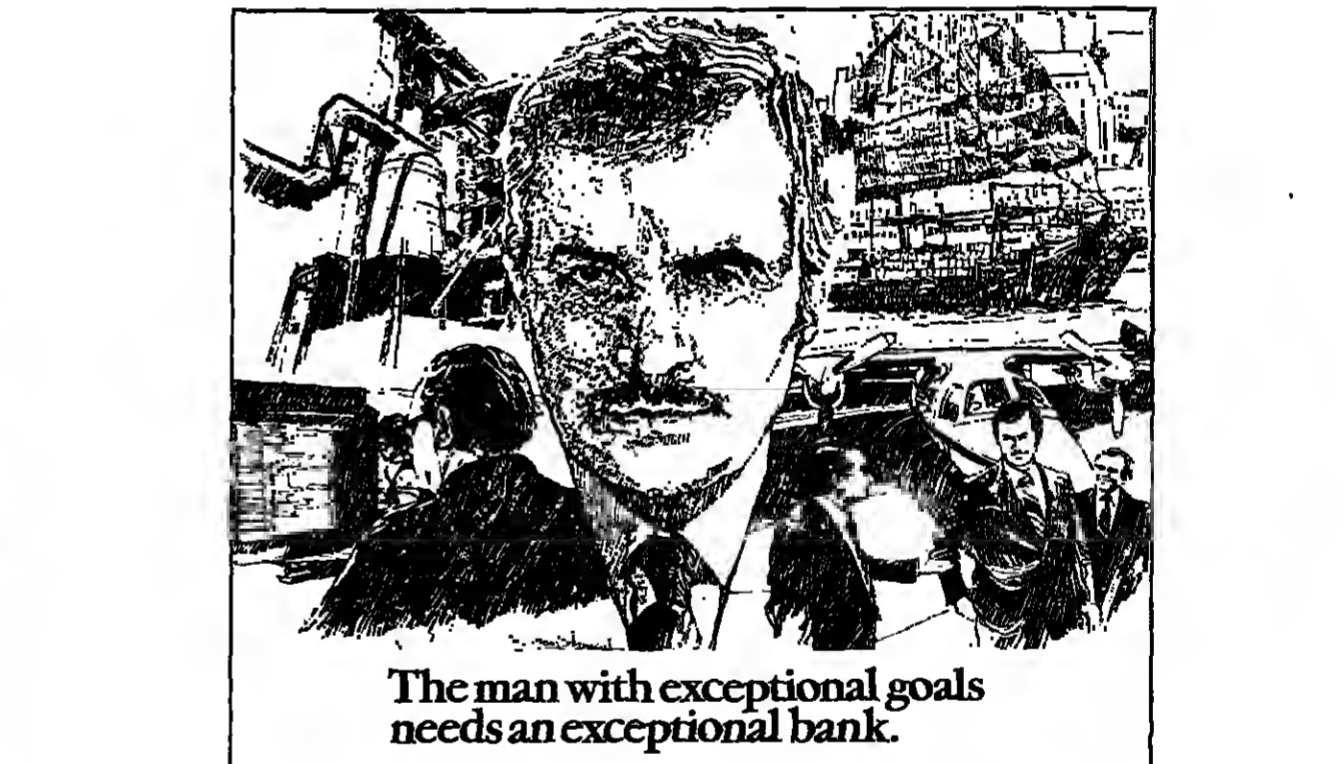
Mr. Sprinkel acknowledged, in remarks to the House Banking Committee, that tight money is causing some economic hardship, but he said any easing would bring only temporary relief.

Mr. Sprinkel's comments helped the dollar close higher in London. The U.S. currency strengthened to 2.4445 Deutsche marks from 2.4415 DM Wednesday. The British pound closed weaker at \$1.8565, compared with \$1.8600 Wednesday.

Most of the action on the NYSE floor centered around some of the biggest takeover situations in U.S. history. The major targets were Conoco and Colt Industries.

Colt Industries, trading for the first time since Monday, was sharply higher, closing up 2 1/4% at 84 1/4. Pean Central has agreed to buy the company for the equivalent of \$100 a share.

Conoco was the most actively traded stock, with volume of more than 1.8 million shares, and closed up 3 3/4% to 87 1/4. Joseph Seagram & Sons raised its bid for 51 percent of Conoco's stock to \$92 a share from \$85.



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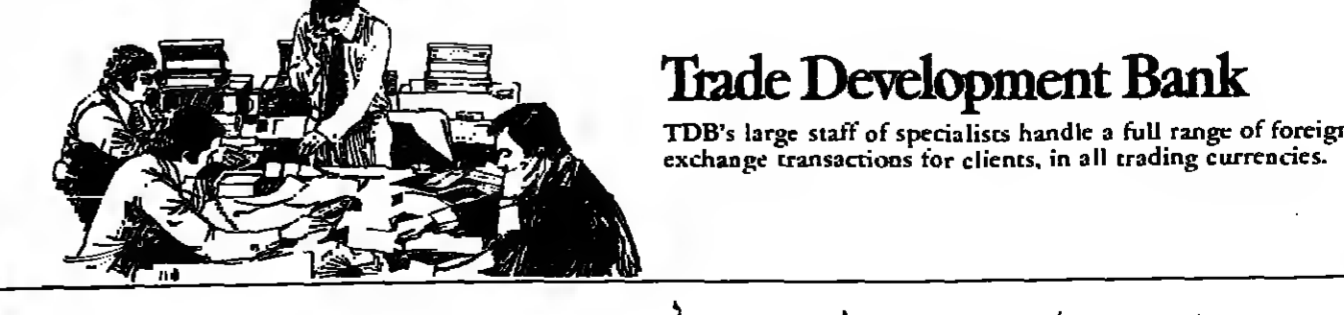
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NYSE Nationwide Trading Closing Prices July 23

Tables include the nationwide prices up to the closing on Wall Street.

NYSE Nationwide Trading Closing Prices July 23. Multiple columns listing stock symbols, prices, and volume.

Quotations in Canadian funds. List of fund names and their respective values.

Toronto Stocks Closing Prices, July 22, 1981

Toronto Stocks Closing Prices, July 22, 1981. Table with columns for stock names and prices.

Montreal Stocks Closing Prices, July 22, 1981

Montreal Stocks Closing Prices, July 22, 1981. Table with columns for stock names and prices.

Tokyo Exchange July 23, 1981

Tokyo Exchange July 23, 1981. Table listing exchange rates and prices.

Canadian Indexes July 23, 1981

Canadian Indexes July 23, 1981. Table showing index values for various categories.

European Gold Markets July 23, 1981

European Gold Markets July 23, 1981. Table with columns for gold prices in different currencies.

Gold Options (prices in \$/oz.)

Gold Options (prices in \$/oz.). Table showing option prices for gold.

European Options Exchange

European Options Exchange. Table listing various options contracts.

Brussels

Brussels. Table listing market data for Brussels.

Frankfurt

Frankfurt. Table listing market data for Frankfurt.

Eurocurrency Interest Rates July 23, 1981

Eurocurrency Interest Rates July 23, 1981. Table showing interest rates for various currencies.

European Stock Markets July 23, 1981

European Stock Markets July 23, 1981. Table listing stock market performance in Europe.

Amsterdam

Amsterdam. Table listing market data for Amsterdam.

Paris

Paris. Table listing market data for Paris.

London

London. Table listing market data for London.

Zurich

Zurich. Table listing market data for Zurich.

Milan

Milan. Table listing market data for Milan.

Chicago Futures July 23, 1981

Chicago Futures July 23, 1981. Table listing futures prices for various commodities.

U.S. COMMODITY PRICES

U.S. COMMODITY PRICES. Large table listing prices for various commodities like oil, sugar, and metals.

New York Futures July 23, 1981

New York Futures July 23, 1981. Table listing futures prices for New York market.

Cash Prices July 23, 1981

Cash Prices July 23, 1981. Table listing cash prices for various goods.

Commodity Indexes July 23, 1981

Commodity Indexes July 23, 1981. Table showing index values for commodity groups.

Dividends July 23, 1981

Dividends July 23, 1981. Table listing dividend payments for various companies.

Selected Over-the-Counter Closing Prices, July 23, 1981

Selected Over-the-Counter Closing Prices, July 23, 1981. Table listing prices for over-the-counter stocks.

Thursday's New Highs and Lows

Thursday's New Highs and Lows. Table listing new high and low prices for various stocks.

Market Summary NYSE Most Active July 23, 1981

Market Summary NYSE Most Active July 23, 1981. Table listing the most active stocks on the NYSE.

London Metals Market

London Metals Market. Table listing prices for various metals in London.

Dow Jones Averages July 23, 1981

Dow Jones Averages July 23, 1981. Table showing the Dow Jones Industrial Average and other indices.

Floating Rate Notes

Floating Rate Notes. Table listing prices for floating rate notes.

NYSE Index

NYSE Index. Table showing the NYSE index and related data.

London Commodities

London Commodities. Table listing prices for various commodities in London.

Standard & Poors

Standard & Poors. Table listing Standard & Poors index values.

Paris Commodities

Paris Commodities. Table listing prices for various commodities in Paris.

Old-Lot Trading in N.Y.

Old-Lot Trading in N.Y. Table listing old-lot trading data for NYSE.

American Most Active

American Most Active. Table listing the most active stocks in the American market.

AMEX Index

AMEX Index. Table showing the AMEX index and related data.

Futures Dow Jones

Futures Dow Jones. Table listing futures prices for the Dow Jones index.

PIAGET advertisement featuring an image of a watch and text: 'The specialists in ultra thin watches'.

EDWARD JEWELS advertisement with text: 'The Jeweler you cannot miss' and contact information.

AMSTERDAM ASSOCIATES OF CALIFORNIA advertisement for mining with 100% capital protection.

BANQUE NATIONALE DE PARIS advertisement for floating rate bonds 1975-1981 of U.S.\$1,000.

AMEX Index advertisement with contact information for AMEX.

Handwritten text at the bottom right of the page: 'سوقنا من الاصل'.

(Continued from Page 13)

COMPANY REPORTS

Company	1981	1980	1981	1980	1981	1980
Motorola	2nd Quar. Revenue: 849.2	1980 Revenue: 798.9	1st Half Revenue: 1,544.1	1980 Revenue: 1,450.0	2nd Quar. Revenue: 849.2	1980 Revenue: 798.9
Occidental Petroleum	2nd Quar. Revenue: 3,132.0	1980 Revenue: 3,000.0	1st Half Revenue: 5,854.4	1980 Revenue: 5,550.0	2nd Quar. Revenue: 3,132.0	1980 Revenue: 3,000.0
Pan American World Airways	2nd Quar. Revenue: 1,233.0	1980 Revenue: 991.0	1st Half Revenue: 2,322.0	1980 Revenue: 1,982.0	2nd Quar. Revenue: 1,233.0	1980 Revenue: 991.0
Phelps Dodge	2nd Quar. Revenue: 362.3	1980 Revenue: 378.0	1st Half Revenue: 714.6	1980 Revenue: 756.0	2nd Quar. Revenue: 362.3	1980 Revenue: 378.0
Revlon Inc.	2nd Quar. Revenue: 572.6	1980 Revenue: 514.3	1st Half Revenue: 1,122.0	1980 Revenue: 1,028.0	2nd Quar. Revenue: 572.6	1980 Revenue: 514.3
Rockwell International	3rd Quar. Revenue: 1,780.0	1980 Revenue: 1,750.0	1st Half Revenue: 3,560.0	1980 Revenue: 3,500.0	3rd Quar. Revenue: 1,780.0	1980 Revenue: 1,750.0
Standard Oil (Ohio)	2nd Quar. Revenue: 2,800.0	1980 Revenue: 2,800.0	1st Half Revenue: 5,600.0	1980 Revenue: 5,600.0	2nd Quar. Revenue: 2,800.0	1980 Revenue: 2,800.0
Squibb Corp.	2nd Quar. Revenue: 448.7	1980 Revenue: 421.1	1st Half Revenue: 897.4	1980 Revenue: 842.2	2nd Quar. Revenue: 448.7	1980 Revenue: 421.1



The brandy Napoleon did not drink
but Alexander did.
(known as the Great)

METAXA the Greek classic

BANCO DE SANTANDER
The largest Spanish international banking network

1980 Highlights

	\$ million		
Capital & Reserves	747	Net Dividend per Share (ptas.)	35.59
Deposits	6,847	Market Value (\$ million)	890
Loans & Discounts	5,210	Employees	12,800
Investment Portfolio	1,056	Branches in Spain	874
Reserves for depreciation, loan losses & adjustments	115	Offices of our group abroad	103

Profit after taxes 87,5 \$ million - Shareholders 308.263

BANCO DE SANTANDER GROUP
1.157 Offices in 23 countries

- | | | |
|---|---|---|
| 4 BRANCHES
Frankfurt
London
New York
Paris | 9 REPRESENTATIVE OFFICES IN AMERICA
Bogotá
Buenos Aires
Caracas
Guatemala City
Lima
México City
San Juan (P.R.)
Santo Domingo
Sao Paulo | 10 BANKS IN AMERICA
Banco de Santander - Argentina
Banco de Santander - Costa Rica
Banco de Santander - Chile
Banco de Santander - International (Miami)
Banco de Santander y Panamá (with Branch in El Salvador)
Banco de Santander - Puerto Rico
Banco de Santander Dominicano
Banco Inmobiliario de Guatemala
Banco Sociedad General de Crédito (Ecuador)
Casa Bancaria Santander - Uruguay |
| 1 AGENCY
Miami | 3 REPRESENTATIVE OFFICE IN EUROPE
Brussels
Geneva
Vienna | 3 BANKS IN SPAIN
Banco de Santander
Banco Comercial Español
Banca Jover |
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NEW ISSUE

23rd July, 1981



Commonwealth of Australia
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| Bank of Tokyo International Limited | Banque Bruxelles Lambert S.A. |
| Banque Nationale de Paris | IBJ International Limited |
| Kuwait Investment Company (S.A.K.) | LTCB International Limited |
| Merrill Lynch International & Co. | National Bank of Abu Dhabi |
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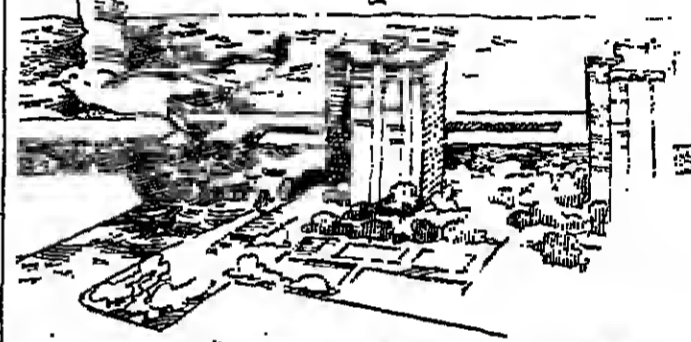
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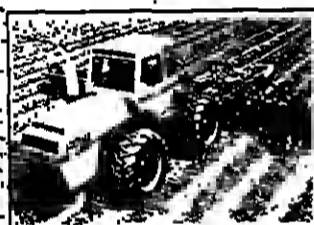
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